

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 March 2021

for

Sema Lease UK Limited

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for the Year Ended 31 March 2021

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Sema Lease UK Limited

Company Information
for the Year Ended 31 March 2021

DIRECTORS: G J Balaam
R C Ames

SECRETARY: G J Balaam

REGISTERED OFFICE: 2 Fison Way
Thetford
Norfolk
IP24 1HT

REGISTERED NUMBER: 05036315 (England and Wales)

AUDITORS: Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

Sema Lease UK Limited

Strategic Report
for the Year Ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

REVIEW OF BUSINESS

The company has continued its consolidation of the fleet and has been successful in securing the renewal of existing funding lines and raising additional new funding which will hopefully be reflected in an increase in the number of vehicles available to the company for leasing.

The company has also continued to re-align its customer base and dispensed with a number of customers who were deemed to be too higher risk to continue with.

KEY PERFORMANCE INDICATORS

The directors consider that the key financial performance indicators for the business are turnover, gross profit and pre-tax profit, as outlined below:

	2021	2020
	£	£
Turnover	21,186,548	26,691,604
Gross Profit	908,915	2,347,172
Profit before taxation	(1,176,927)	151,643

Turnover decreased by 20.6% (2020 - decreased by 17.6%) and gross profit showed a decrease of 61.3% (2020 - decreased by 39.4%) with a decrease in the gross profit margin from 8.8% to 4.3%. The effects of the COVID pandemic have had an adverse impact on the company resulting in the downturn in performance. These effects are expected to be temporary only.

The business was adversely affected by the impact of the pandemic in that a number of Sema's larger rental customers returned considerable number of vehicles during the first 3 months of the financial year that reduced the rental margins in the P&L. On top of this a number of funders wanted increased depreciation within payments for vehicles being extended thus reducing these margins further. ER Capital, Sema's largest customer was also massively impacted by COVID and struggled to maintain full payments to Sema.

However post year end, ER have been purchased outright by a blue chip leasing business and Sema plus other creditors agreed to a settlement agreement with the purchasers. This resulted in a £2.4 million cash payment that was received in August 2021. Management have therefore agreed to provide for the shortfall of the remaining debt within the figures to March 2021.

Furthermore, since June 2021 used car prices have leaped and with Sema having been making larger repayments for the last 9 months on a large quantity of its fleet now find themselves in a strong position with current Sales Value versus settlement/Net Book Value of self funded stock.

Strategic Report
for the Year Ended 31 March 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have assessed the major risks facing the company. They are considered to be the normal commercial and operational risks associated with a vehicle leasing business including the funding of future vehicle leases and residual value predictions.

Funding for the business is provided from a variety of sources and these are all reviewed as they fall due. Additional funding is also being secured and these facilities will provide sufficient funding to enable the company to grow its vehicle fleet size.

Disposal proceeds are in line with residual values, which are under constant review.

Interest Rate Risk

The business considers the level of risk exposure on all debt transactions and takes necessary steps to reduce risk to an acceptable level. For significant obligations the company seeks to arrange fixed rate finance where possible in order to mitigate interest rate risk.

Credit Rate and Liquidity Risk

The company has policies in place to ensure transactions are entered into only with parties that are of acceptable credit quality. The company ensures that there are adequate funds available through credit facilities to meet operational requirements of the business.

FINANCIAL INSTRUMENTS

The financial instruments used by the company arise wholly and directly from its activities. The financial instruments comprise trade debtors, cash at bank, trade creditors and a loan note programme for financing the vehicle fleet. The company has put in place the following measures in order to manage financial risks arising from these financial instruments:

1. The company regularly monitors the level of debtors to ensure that they are kept at reasonable levels and within a predetermined strict credit limit.
2. The company carefully manages its cash position by regularly monitoring its cash flow and with the use of deposit accounts.
3. The company regularly monitors the trade balance and credit terms for all suppliers.

FUTURE DEVELOPMENTS

The directors' plan for the forthcoming year are to continue to source additional funding lines in order to increase the fleet size and continue improving the quality of customer and the retained margins of each unit on lease.

ON BEHALF OF THE BOARD:

G J Balaam - Director

19 October 2021

Sema Lease UK Limited

Report of the Directors
for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of short to medium leasing of cars and light vans. This also encompasses the disposal of vehicles at the end of their lease term.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

G J Balaam
R C Ames

POLITICAL DONATIONS AND EXPENDITURE

Donations for the year amounted to £2,612 (2020: £713). These relate to donations to local and national charities. There were no political donations.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Sema Lease UK Limited

Report of the Directors
for the Year Ended 31 March 2021

AUDITORS

The auditors Knights Lowe will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G J Balaam - Director

19 October 2021

Report of the Independent Auditors to the Members of
Sema Lease UK Limited

Opinion

We have audited the financial statements of Sema Lease UK Limited (the 'company') for the year ended 31 March 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Sema Lease UK Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of
Sema Lease UK Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the companies operating sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- investigated the company's valuation of stock and in particular that of used car stock for sale which does make up a majority of the company's stock value and is subject to a level of judgement;
- ensured that bad debts were adequately provided for in the financial statements. In particular there was a major customer with a large debt who was in financial difficulty and eventually ended up being brought by a larger company post year-end.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Report of the Independent Auditors to the Members of
Sema Lease UK Limited

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Knights ACA BSc (Senior Statutory Auditor)
for and on behalf of Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

Date:

Sema Lease UK Limited

Income Statement
for the Year Ended 31 March 2021

	Notes	2021 £	2020 £
TURNOVER	3	21,186,548	26,691,604
Cost of sales		<u>20,277,633</u>	<u>24,344,432</u>
GROSS PROFIT		908,915	2,347,172
Administrative expenses		<u>1,624,196</u>	<u>1,367,195</u>
		(715,281)	979,977
Other operating income		<u>329,655</u>	41,221
OPERATING (LOSS)/PROFIT	5	(385,626)	1,021,198
Interest receivable and similar income	7	<u>25,277</u>	1,149
		(360,349)	1,022,347
Interest payable and similar expenses	8	<u>816,578</u>	870,704
(LOSS)/PROFIT BEFORE TAXATION		(1,176,927)	151,643
Tax on (loss)/profit	9	<u>(192,746)</u>	(280,990)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(984,181)</u></u>	<u><u>432,633</u></u>

The notes form part of these financial statements

Sema Lease UK Limited

Other Comprehensive Income
for the Year Ended 31 March 2021

	Notes	2021 £	2020 £
(LOSS)/PROFIT FOR THE YEAR		(984,181)	432,633
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(984,181)</u>	<u>432,633</u>

The notes form part of these financial statements

Balance Sheet
31 March 2021

	Notes	2021		2020	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		17,324,588		31,905,764
Investments	12		200,350		300,525
			<u>17,524,938</u>		<u>32,206,289</u>
CURRENT ASSETS					
Stocks	13	518,577		671,863	
Debtors	14	10,613,577		9,429,387	
Cash at bank and in hand		1,321,739		151,078	
			<u>12,453,893</u>		<u>10,252,328</u>
CREDITORS					
Amounts falling due within one year	15	15,707,866		29,212,084	
NET CURRENT LIABILITIES					
			<u>(3,253,973)</u>		<u>(18,959,756)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			14,270,965		13,246,533
CREDITORS					
Amounts falling due after more than one year	16		(6,792,825)		(4,591,466)
PROVISIONS FOR LIABILITIES					
	20		(386,361)		(579,107)
NET ASSETS					
			<u>7,091,779</u>		<u>8,075,960</u>
CAPITAL AND RESERVES					
Called up share capital	21		1,000		1,000
Retained earnings			7,090,779		8,074,960
SHAREHOLDERS' FUNDS					
			<u>7,091,779</u>		<u>8,075,960</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 October 2021 and were signed on its behalf by:

G J Balaam - Director

Sema Lease UK Limited

Statement of Changes in Equity
for the Year Ended 31 March 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	1,000	7,642,327	7,643,327
Changes in equity			
Total comprehensive income	-	432,633	432,633
Balance at 31 March 2020	<u>1,000</u>	<u>8,074,960</u>	<u>8,075,960</u>
Changes in equity			
Total comprehensive income	-	(984,181)	(984,181)
Balance at 31 March 2021	<u><u>1,000</u></u>	<u><u>7,090,779</u></u>	<u><u>7,091,779</u></u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 2021

1. STATUTORY INFORMATION

Sema Lease UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that effect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

There are no judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are as follows:

Tangible fixed assets are recognised at cost, less accumulated depreciation. Depreciation is charged over the estimated useful life of the asset to its estimated residual value. Tangible fixed assets purchased by finance lease are depreciated over the life of the finance lease to an estimated residual value.

The recoverability of trade and other debtors are considered on a regular basis. When calculating the debtor provision, the directors consider the age of the debts and the financial position of the counterparty.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Turnover

Turnover represents sales of ex-rental vehicles where the operating leases have expired during the year, excluding value added tax, and rentals receivable under operating leases recognised on a straight line basis over the lease term.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life which is considered to be five years.

Tangible fixed assets

Tangible fixed assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and Machinery	25% on reducing balance, straight line for rental assets
Motor Vehicles	25% on reducing balance, straight line for finance lease vehicles
Other Assets	50% straight line basis

Other assets were not depreciated in previous accounting periods on the basis that they have a high residual value and any depreciation charged would be immaterial. However this year the depreciation estimate has been changed as the Directors view these other assets are now approaching the end of their useful life.

Motor vehicles include cherished number plates which are also not depreciated.

Government grants

Grants are recognised on the accruals basis and are recognised in the Income Statement when the company receives the right to receive the grant.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any impairment.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stock cost for finance lease vehicles is based on the purchase cost of vehicles when they reach the end of the finance lease term. Stock cost for owned vehicles is based on the residual value of the vehicles when they reach the end of the lease agreement with the customer.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The company funds vehicles purchased for the company's hire fleet using finance lease contracts from a number of providers and a loan note programme. The vehicles are accounted for as fixed assets and a corresponding liability is recognised and a majority of this will be due within one year and so classified as a current liability. This gives rise to the company's net current liabilities position at the year end. The directors have reviewed the company's forecasted cash flows and these are sufficient to meet the liabilities as they fall due. In addition to this, some of the short-term finance lease and hire purchase creditor balances at the year end are funded from the sale of the vehicles at the end of the lease or hire purchase agreement, which are included in fixed assets.

Taking into account the above and after making enquiries, the directors believe that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Finance lease and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

Financial assets and financial liabilities are recognised in accordance with FRS 102 when the company becomes a party to the contractual provisions of the instrument.

Currently all financial liabilities are basic financial instruments as defined by section 11 of FRS 102 which are recognised at amortised cost.

Where relevant, derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in the profit or loss account.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

3. TURNOVER

The turnover and loss (2020 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021 £	2020 £
Sales of vehicles	15,745,128	16,573,084
Hire of vehicles	5,441,420	10,118,520
	<u>21,186,548</u>	<u>26,691,604</u>

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	18,950,483	23,183,191
Europe	2,236,065	3,508,413
	<u>21,186,548</u>	<u>26,691,604</u>

4. EMPLOYEES AND DIRECTORS

	2021 £	2020 £
Wages and salaries	537,915	561,619
Social security costs	51,259	50,634
Other pension costs	13,372	14,555
	<u>602,546</u>	<u>626,808</u>

The average number of employees during the year was as follows:

	2021	2020
Monthly Staff	13	15
Weekly Staff	3	3
	<u>16</u>	<u>18</u>
	2021 £	2020 £
Directors' remuneration	<u>97,645</u>	<u>104,750</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

5. OPERATING (LOSS)/PROFIT

The operating loss (2020 - operating profit) is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	3,707,952	5,767,362
Profit on disposal of fixed assets	-	(5,698)
Foreign exchange differences	11,618	(32,538)
	<u> </u>	<u> </u>

6. AUDITORS' REMUNERATION

	2021	2020
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	14,000	26,238
Auditors' remuneration for non audit work	5,450	5,000
	<u> </u>	<u> </u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Other interest	25,277	1,149
	<u> </u>	<u> </u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank loan interest	80,208	1,949
Bank & credit card charges	11,132	18,899
Interest on debenture loans	637,756	674,133
Hire purchase interest	87,482	175,723
	<u> </u>	<u> </u>
	<u>816,578</u>	<u>870,704</u>

9. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2021	2020
	£	£
Current tax:		
Over/under provision in prior	-	(138,857)
Deferred tax	(192,746)	(142,133)
	<u> </u>	<u> </u>
Tax on (loss)/profit	<u>(192,746)</u>	<u>(280,990)</u>

UK corporation tax has been charged at 19%.

Sema Lease UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

9. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
(Loss)/profit before tax	<u>(1,176,927)</u>	<u>151,643</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(223,616)	28,812
Effects of:		
Expenses not deductible for tax purposes	10,557	13,667
Capital allowances in excess of depreciation	(18,821)	(146,108)
Adjustments to tax charge in respect of previous periods	-	(35,228)
Reversible timing differences occurring in period	(192,746)	(142,133)
Losses c/fwd	<u>231,880</u>	<u>-</u>
Total tax credit	<u>(192,746)</u>	<u>(280,990)</u>

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2020 and 31 March 2021	<u>498,000</u>
AMORTISATION	
At 1 April 2020 and 31 March 2021	<u>498,000</u>
NET BOOK VALUE	
At 31 March 2021	<u>-</u>
At 31 March 2020	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

11. TANGIBLE FIXED ASSETS

	Other assets £	Motor vehicles £	Plant and machinery £	Totals £
COST				
At 1 April 2020	65,000	40,019,416	187,611	40,272,027
Additions	-	12,445,449	8,659	12,454,108
Disposals	-	(27,570,792)	-	(27,570,792)
At 31 March 2021	65,000	24,894,073	196,270	25,155,343
DEPRECIATION				
At 1 April 2020	32,500	8,210,516	123,247	8,366,263
Charge for year	32,500	3,655,928	19,524	3,707,952
Eliminated on disposal	-	(4,243,460)	-	(4,243,460)
At 31 March 2021	65,000	7,622,984	142,771	7,830,755
NET BOOK VALUE				
At 31 March 2021	-	17,271,089	53,499	17,324,588
At 31 March 2020	32,500	31,808,900	64,364	31,905,764

Assets Held Under Finance

Included in tangible fixed assets are assets under hire purchase and finance leases. The net book value of these assets at year end is £12,467,334 (2020: £23,981,967) and depreciation in relation to these assets charged in the financial year totalled £2,826,448 (2020: £4,634,159).

Assets Held For Operating Lease Purposes

Also included in tangible fixed assets are assets held for use in operating leases. The net book value of these items at year end is £17,047,545 (2020: £31,564,992) and depreciation in respect of these assets charged in the financial year amounted to £3,629,577 (2020: £5,693,406).

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2020	300,525
Impairments	(100,175)
At 31 March 2021	200,350
NET BOOK VALUE	
At 31 March 2021	200,350
At 31 March 2020	300,525

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

12. FIXED ASSET INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Ames Nissan Limited

Registered office: 2 Fison Way, Thetford, Norfolk, IP241HT

Nature of business: Vehicle sales

Class of shares:	%		
Ordinary shares	holding		
	100.00	2021	2020
		£	£
Aggregate capital and reserves		(766,856)	(536,985)
Loss for the year		(229,871)	(297,586)
		<u> </u>	<u> </u>

The remaining investment value relates to the investment in the company's subsidiary company Ames Nissan Limited. Due to this company being loss making for a number of years the Directors have seen it prudent to write down the value of the investment this year and recognise an impairment.

During an earlier year the company has invested £144,000 in a Limited Liability Partnership. As at the balance sheet date the directors have considered the investment for impairment in accordance with UK GAAP. The nature of the investment makes predicting future returns difficult and based on all of the available evidence as at the balance sheet date the directors have concluded that the value of the investment may not be recoverable. For this reason the investment has been fully impaired.

13. STOCKS

	2021	2020
	£	£
Stocks	518,577	671,863
	<u> </u>	<u> </u>

The stock relates to used vehicles that have come off lease and are to be sold as at the year-end.

14. DEBTORS

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	3,705,705	2,931,669
Amounts owed by connected companies	4,141,610	4,185,248
Other debtors	70,957	79,456
Directors' current accounts	1,022,525	967,186
Prepayments and accrued income	309,017	75,223
S455 tax repayable	1,361	1,361
	<u> </u>	<u> </u>
	<u>9,251,175</u>	<u>8,240,143</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

14.	DEBTORS - continued	2021 £	2020 £
	Amounts falling due after more than one year:		
	Amounts owed by group undertakings	1,025,584	870,411
	Other debtors	31,543	31,543
	S455 tax repayable	305,275	287,290
		1,362,402	1,189,244
		1,362,402	1,189,244
	Aggregate amounts	10,613,577	9,429,387
15.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021 £	2020 £
	Bank loan and overdraft (see note 17)	1,678,490	4,218,077
	Hire purchase contracts (see note 18)	12,361,562	23,789,389
	Trade creditors	209,638	87,954
	Corporation tax	103,458	85,474
	Social security and other taxes	14,385	14,749
	VAT	68,990	125,775
	Other creditors	1,091,318	536,913
	Amounts owed to connected companies	1,725	1,920
	Accruals and deferred income	178,300	351,833
		15,707,866	29,212,084
		15,707,866	29,212,084
16.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2021 £	2020 £
	Bank loans (see note 17)	6,435,877	4,543,333
	Hire purchase contracts (see note 18)	356,948	48,133
		6,792,825	4,591,466
		6,792,825	4,591,466
17.	LOANS		
	An analysis of the maturity of loans is given below:		
		2021 £	2020 £
	Amounts falling due within one year or on demand:		
	Bank overdrafts	74,666	278,077
	Bank loans	348,824	-
	Debenture loans	1,255,000	3,940,000
		1,678,490	4,218,077
		1,678,490	4,218,077
	Amounts falling due between one and two years:		
	Debentures due after one year	4,284,701	4,543,333
		4,284,701	4,543,333

Sema Lease UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

17. LOANS - continued

	2021	2020
	£	£
Amounts falling due between two and five years:		
Bank loans - 2-5 years	2,151,176	-
	<u>2,151,176</u>	<u>-</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	12,361,562	23,789,389
Between one and five years	356,948	48,133
	<u>12,718,510</u>	<u>23,837,522</u>

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	711	-
Between one and five years	2,135	-
	<u>2,846</u>	<u>-</u>

19. SECURED DEBTS

The loan notes are secured against the motor vehicles financed by the loan note programme and also by a fixed and floating charge over all of the company's assets.

Obligations under hire purchase contracts are secured against the related assets and trade in relation to those assets.

Obligations under finance leases are secured against the related assets and a floating charge over all the other assets and trade of the company.

20. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax		
Tax losses carried forward	(231,881)	-
Capital allowances in excess of depreciation	618,242	579,107
	<u>386,361</u>	<u>579,107</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

20. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 April 2020	579,107
Provided during year	(192,746)
	386,361
Balance at 31 March 2021	386,361

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
1,000	Ordinary	£1	1,000	1,000
			1,000	1,000

22. PENSION COMMITMENTS

The amount recognised in profit and loss as an expense in relation to defined contribution plans was £16,069 (2020: £17,698).

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year the company operated current accounts with the Directors. At the balance sheet date the Directors owed the company £1,022,525 (2020: £967,186). The maximum amount outstanding in respect of Directors advances during the year was £1,022,525 (2020: £967,186).

24. RELATED PARTY DISCLOSURES

Entities over which the entity has control, joint control or significant influence

	2021	2020
	£	£
Sales	693,771	226,283
Purchases	92,505	15,408
Amount due from related party	1,025,584	870,411
	1,025,584	870,411

Key management personnel of the entity or its parent (in the aggregate)

	2021	2020
	£	£
Amount due from related party	1,022,525	967,186
	1,022,525	967,186

Other related parties

	2021	2020
	£	£
Sales	2,454,029	2,254,900
Purchases	22,005	22,435
Loans to	153,200	1,766,766
Loans paid	109,562	833,031
Amount due from related party	4,154,950	4,203,248
Amount due to related party	1,001,725	509,420
	4,154,950	4,203,248
	1,001,725	509,420

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

24. RELATED PARTY DISCLOSURES - continued

In addition to the above related party transactions the company also held tangible fixed assets acquired for the sole purpose of making available to other related parties free of charge in relation to sponsorship arrangements.

Other related parties and companies/unincorporated businesses which the Directors own and control.

R C Ames has given personal guarantees in respect of the company's bank borrowing facility and also specific personal guarantees to the company in respect of related party loan balances owed to the company.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is R C Ames.

26. OPERATING LEASES - LESSOR

One of the company's main activities is providing vehicles under operating leases, specialising in leases with a twelve month duration. The amount estimated to be due in lease payments receivable under non-cancellable operating leases within one year is £2,720,710 (2020: £5,059,260). There are no amounts due in more than one year.

An estimated amount is used due to the large volume of leases. The estimate is worked out as 50% of total vehicle rental income if the year and is considered by the Directors as accurate.

Sema Lease UK Limited

Trading and Profit and Loss Account
for the Year Ended 31 March 2021

	2021		2020	
	£	£	£	£
Turnover				
Vehicle rental income	5,441,420		10,118,520	
New vehicle sales	-		1,253,513	
Used vehicle sales	15,745,128		15,319,571	
		21,186,548		26,691,604
Cost of sales				
Vehicle rental costs	-		576,881	
New vehicle purchases	-		1,599,795	
Used vehicle purchases	15,345,357		15,202,154	
Saddle purchases	15,596		8,683	
Wages and salaries	404,464		425,783	
Social security	51,259		50,634	
Pensions	13,372		14,555	
Other direct costs	30,947		-	
Commissions payable	41,094		57,236	
Finance lease charges	745,967		715,305	
Depreciation of tangible fixed assets				
Vehicles held for rental	3,629,577		5,693,406	
		20,277,633		24,344,432
GROSS PROFIT		908,915		2,347,172
Establishment costs				
Insurance		33,966		35,010
		874,949		2,312,162
Administrative expenses				
Directors' salaries	97,645		104,750	
Directors' pensions paid	2,697		3,143	
Employee benefits	33,109		27,943	
Sponsorship	89,166		165,299	
Telephone	14,493		16,663	
Printing, postage, and stationery	13,170		20,426	
Advertising	8,348		23,017	
Travelling	8,407		35,277	
Motor expenses	26,802		43,454	
Computer costs	13,954		14,750	
Sundry expenses	54,855		70,735	
Subscriptions	8,569		11,413	
Legal and professional fees	81,762		84,063	
Auditors' remuneration	14,000		26,238	
Auditors' remuneration for non audit work	5,450		5,000	
Donations	2,612		713	
Foreign exchange losses	11,618		-	
Impairment losses for intangible fixed assets	100,175		100,175	
		586,832		753,059
Carried forward		288,117		1,559,103

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Sema Lease UK Limited

Trading and Profit and Loss Account
for the Year Ended 31 March 2021

	2021		2020	
	£	£	£	£
Brought forward		288,117		1,559,103
Selling and marketing costs				
Entertainment	2,291		6,646	
Bad debts	922,734		504,222	
		<u>925,025</u>	<u>510,868</u>	
		(636,908)		1,048,235
Depreciation				
Depn of other assets	32,500		32,500	
Motor vehicles	26,349		27,367	
Plant and machinery	19,524		14,089	
		<u>78,373</u>	<u>73,956</u>	
		(715,281)		974,279
Profit on disposal of fixed assets				
Motor vehicles		-		5,698
		<u>-</u>		<u>5,698</u>
		(715,281)		979,977
Other operating income				
Saddle sales	15,596		8,683	
Bad Debts Recovered	159,547		-	
Government grants	154,512		-	
Exchange gains	-		32,538	
		<u>(329,655)</u>	<u>(41,221)</u>	
		(385,626)		1,021,198
Finance income				
Other interest		25,277		1,149
		<u>25,277</u>		<u>1,149</u>
		(360,349)		1,022,347
Finance costs				
Bank loan interest	80,208		1,949	
Bank & credit card charges	11,132		18,899	
Interest on debenture loans	637,756		674,133	
Hire purchase interest	87,482		175,723	
		<u>816,578</u>	<u>870,704</u>	
NET (LOSS)/PROFIT		<u>(1,176,927)</u>	<u>151,643</u>	

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Signed by Graham Balaam using authentication code SFRXcFDCo1JFOWp0Kg== at IP address 87.127.127.135, on 2021/10/26 14:05:56 Z.

Graham Balaam's e-mail address is: graham@amesmg.co.uk.

Signature 2

Signed by James Knights using authentication code L1Yva8KjWkVcWnowaw== at IP address 213.129.74.45, on 2021/10/27 08:25:17 Z.

James Knights's e-mail address is: james@knightslowe.co.uk.

James Knights added the following comments:

"Audit Report Signed"