

Registered number: 07327683

R A (NO 10) LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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R A (NO 10) LIMITED

COMPANY INFORMATION

Directors	J C G Eddy P J Knight
Registered number	07327683
Registered office	Matrix House Basing View Basingstoke Hampshire RG21 4DZ

R A (NO 10) LIMITED

CONTENTS

	Page(s)
Directors' Report	1
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Notes to the Financial Statements	5 - 14

R A (NO 10) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Principal activity

The principal activity of the Company is that of a lessor, asset financier and manager.

Results

The profit for the year, after taxation, amounted to £66,591 (2021 - £50,798).

Directors

The directors who served during the year and up to the date of signing the financial statements were:

J C G Eddy
P J Knight

Post balance sheet events


There have been no significant events affecting the Company since the year end.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

As a result of the above exemption, a strategic report has not been prepared in accordance with section 414B (a) of the Companies Act 2006.

This report was approved by the board on 8 February 2023 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'J C G Eddy', written in a cursive style.

J C G Eddy
Director

R A (NO 10) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Revenue	5	1,848,635	1,847,219
Cost of sales		(1,428,638)	(1,498,042)
Gross profit		419,997	349,177
Administrative expenses		(176,251)	(162,983)
Operating profit	6	243,746	186,194
Interest payable and similar expenses	8	(161,813)	(123,451)
Profit before tax		81,933	62,743
Tax on profit	9	(15,342)	(11,945)
Profit for the financial year		66,591	50,798

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 5 to 14 form part of these financial statements.

R A (NO 10) LIMITED
REGISTERED NUMBER: 07327683

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Current assets			
Debtors: amounts falling due after more than one year	11	1,942,568	3,580,082
Debtors: amounts falling due within one year	11	9,310,139	9,117,589
		<u>11,252,707</u>	<u>12,697,671</u>
Creditors: amounts falling due within one year	13	(7,926,168)	(8,276,987)
Net current assets		3,326,539	4,420,684
Creditors: amounts falling due after more than one year	14	(1,716,739)	(2,877,475)
Net assets		<u>1,609,800</u>	<u>1,543,209</u>
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account		1,609,799	1,543,208
		<u>1,609,800</u>	<u>1,543,209</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 February 2023.



J C G Eddy
Director

The notes on pages 5 to 14 form part of these financial statements.

R A (NO 10) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2020	1	1,492,410	1,492,411
Comprehensive income for the year			
Profit for the year	-	50,798	50,798
At 1 October 2021	1	1,543,208	1,543,209
Comprehensive income for the year			
Profit for the year	-	66,591	66,591
At 30 September 2022	1	1,609,799	1,609,800

The notes on pages 5 to 14 form part of these financial statements.

R A (NO 10) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

The Company is incorporated and domiciled in United Kingdom. The registered office is located at Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom.

The principal activity of the Company is that of a lessor, asset financier and manager. Information on the Company's ultimate parent is presented in Note 18.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will have sufficient funds available to enable it to continue to trade for the foreseeable future.

The impact of the current economic climate has been assessed by the directors, considering a wide range of information relating to present and future conditions, including the current financial position, future projections of cash flows and financial performance, funding headroom and the longer-term strategy of the business. The directors are of the opinion that the operations will continue into the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding VAT, duties and Insurance premium tax where applicable.

Lease income

Revenue recognised in the year includes both the capital repayment and interest calculated on an actuarial basis under the term of the finance lease arrangement with the customer. Amounts are recognised on a monthly basis

Fee income

Lease arrangement fees are recognised in full on inception of the related lease. All other lease and loan related fee income is recognised in full in the month in which it arises.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2.7 Debtors

Finance lease receivables

Where assets leased to a third party give rights approximating to ownership (finance lease), the lessor recognises as a receivable an amount equal to the net investment in the lease i.e. the minimum lease payments receivable under the lease discounted at the interest rate implicit in the lease. This receivable is reduced as the lessee makes capital payments over the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Borrowings

Borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The Company's borrowings are in the form of a block discounting facility.

2.10 Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown as equity as a deduction, net of tax, from the proceeds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

3. Critical accounting estimates and judgements

At the balance sheet date, the directors consider the expected credit loss provisions a key source of estimation uncertainty which, depending on a number of factors, could result in a material adjustment to the carrying amount of assets and liabilities in the next financial year.

The calculation of the Company's expected credit loss provision under IFRS 9 requires the Company to make a number of judgements, assumptions and estimates, the most significant of which, we have determined to be a significant increase in credit risk and forward-looking information.

The Company's credit policy (encompassing credit underwriting, products offered and markets) has consistently resulted in low levels of bad debt year on year and therefore there are no plans to change it.

Whilst there is a great deal of upheaval and uncertainty in the macro-economic environment, the Company's historical performance indicates that there is very little correlation between the performance of its portfolio and the underlying macro-economic environment – in particular the impact of boom-and-bust cycles of the economy. As a result, the Company's loss given default ("LGD") remains unchanged.

However, one area of significant concern to the Company is the probability of default ("PD"). The PD was considered within multiple scenarios, including, "no changes to PD", "doubled PD" and "increased PD in certain sectors".

In line with IFRS 9, the Company recognises a lifetime expected credit loss (Stage 2) for its lease portfolio. The loan portfolio recognises a 12-month expected credit loss (Stage 1), unless there has been a reduction in the credit worthiness of the loan agreement, in which case it is moved to Stage 2. The Company assumes that any loan that has arrears in excess of 90 days has seen a reduction in its credit worthiness.

At 30 September 2022 the Company's expected credit loss provision was £0.07m and represents 2.37% of the amounts receivable. In 2021 an allowance of £0.17m representing 3.24% of the amounts receivable was made, however this was recognised in Asset Advantage Limited's financial statement. Due to the uncertainty regarding the current economic climate, management consider that this expected loss allowance, while representing management's best estimate of the future outcome, may be required to be updated in future periods depending on actual circumstances. However, any updates are not anticipated to result in a material change in the next 12 months.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

4. Capital and financial risk management

4.1 Financial risk management

The Company activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and fair value interest rate risk), credit risk (described in more detail in Note 3 above) and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge risk exposures.

4.2 Capital management

The Company's objective is to maintain a strong capital base to support its operations in line with relevant forecasts whilst providing a return to its shareholders. The capital base for these purposes comprises total equity at 30 September 2022 amounting to £1.61m (2021: £1.54m) as well as interest-bearing loans and borrowings amounting to £2.88m gross (2021: £4.40m) funding a portfolio of receivables due under equipment.

4.3 Liquidity and interest rate risks

The Company has traditionally borrowed at fixed interest rates only and matched these to its fixed rate lending. The Company's policy on funding capacity is to ensure that there is always long-term funding in place. The Company endeavours to have committed borrowing facilities in place in excess of forecast gross borrowing requirements for a minimum of the next 12 months. At 30 September 2022 the Company's principal committed borrowing facilities totalled £2.88m (2021: £15m).

The contractual maturities of the Company's committed facilities are detailed in Note 10 below.

5. Revenue

An analysis of revenue by class of business is as follows:

	2022	2021
	£	£
Lease income	1,828,721	1,844,530
Fee income	19,913	2,689
	<u>1,848,634</u>	<u>1,847,219</u>

All revenue arose within the United Kingdom.

R A (NO 10) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Management recharges	176,251	162,857

Management recharge is an allocation of the Company's portion of overhead costs.

7. Staff costs and directors' remuneration

The Company had no employees other than the directors in the year ended 30 September 2022 and they did not receive any remuneration from the Company (2021: £nil) in respect of their services to it. The directors' remuneration was borne by the immediate parent Asset Advantage Limited, however all employees are employed by the ultimate parent Asset Advantage Group Limited.

8. Finance costs

	2022 £	2021 £
Amounts due under lease financing arrangements	161,813	123,451
	161,813	123,451

9. Income Tax

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	15,411	11,754
Total current tax	15,411	11,754
Deferred tax		
Origination and reversal of timing differences	156	191
Impact of change in tax rates	(225)	-
Total deferred tax	(69)	191
Taxation on profit on ordinary activities	15,342	11,945

R A (NO 10) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Income Tax (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	81,933	62,743
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	15,567	11,921
Effects of:		
Impact of change in tax rates	(225)	-
Expenditure not deductible for tax purposes	-	24
Total tax charge for the year	15,342	11,945

Factors that may affect future tax charges

The Finance Bill 2021 included legislation to increase the main rate of corporation tax in the UK to 25% on group profits over £250,000 from 1 April 2023 and was substantively enacted on 24 May 2021.

10. Financial instruments

The amounts disclosed in the table below are the contractual undiscounted cash flows (including interest) and therefore will not always reconcile with the amounts disclosed in the Statement of Financial Position.

	2022 £	2021 £
Within one year	1,263,598	1,677,011
1 - 2 years	930,694	1,263,598
2 - 3 years	640,184	930,694
3 - 4 years	227,806	640,184
4 -5 years	-	227,806
	3,062,282	4,739,293

R A (NO 10) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

11. Debtors

	2022 £	2021 £
Due after more than one year		
Finance lease receivables (see Note 12)	1,942,568	3,580,082
	1,942,568	3,580,082
	2022 £	2021 £
Due within one year		
Amounts owed by group undertakings	8,235,428	7,514,376
Finance lease receivables (see Note 12)	1,073,773	1,602,344
Deferred taxation	938	869
	9,310,139	9,117,589

12. Finance lease receivables

The Company enters into finance lease arrangements for a variety of equipment used by customers in their business. All leases are denominated in pound Sterling. Leases have an average term of between 3 - 5 years with no leases being granted for more than 5 years.

	Minimum lease payments		Present value of minimum lease payments	
	2022 £	2021 £	2022 £	2021 £
Less than 1 year	1,315,951	2,043,176	1,073,773	1,602,344
More than 1 year but less than 5 years	2,160,126	4,094,647	1,942,568	3,580,082
	3,476,077	6,137,823	3,016,341	5,182,426
Less: Unearned finance income	(459,736)	(955,397)	-	-
Present value of minimum lease payments receivable	3,016,341	5,182,426	3,016,341	5,182,426

Asset Advantage Limited, the immediate parent, has provided a guarantee against the finance lease receivables. An allowance of £71,581 has been recognised for uncollectible lease payments. In 2021, an allowance of £168,054 was raised in Asset Advantage Limited's financial statements.

The finance lease receivables at the end of the year have not been impaired.

There are no unguaranteed residual values of assets leased under finance leases.

R A (NO 10) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts due under lease financing arrangements	1,160,280	1,514,756
Amounts owed to group undertakings	6,750,477	6,750,477
Corporation tax	15,411	11,754
	<u>7,926,168</u>	<u>8,276,987</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

14. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Amounts due under lease financing arrangements	1,716,739	2,877,475
	<u>1,716,739</u>	<u>2,877,475</u>

Secured loans

In respect of amounts due under lease financing arrangements, security has been provided to the financial institutions under a block discounting facility in the form of assignment of lease receivables under the underlying finance leases. Interest rates are fixed between 4.50% and 4.89%, the weighted average at 30 September 2022 being 4.51% (2021: 4.54%).

15. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Amounts due under lease financing arrangements	1,160,280	1,514,756
Amounts falling due 1-2 years		
Amounts due under lease financing arrangements	875,317	1,160,464
Amounts falling due 2-5 years		
Amounts due under lease financing arrangements	841,422	1,717,010
	<u>2,877,019</u>	<u>4,392,230</u>

R A (NO 10) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

16. Deferred taxation

	2022 £	2021 £
At beginning of year	869	1,060
Charged to profit or loss	(156)	(191)
Impact of change in tax rates	225	-
At end of year	938	869

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	938	869
	938	869

17. Share capital

	2022 £	2021 £
Authorised		
1,000 (2021 - 1,000) ordinary shares of £1.00 each	1,000	1,000
Allotted, called up and fully paid		
1 (2021 - 1) ordinary share of £1.00	1	1

18. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the Company is Asset Advantage Limited. The ultimate parent undertaking is Asset Advantage Group Limited. The controlling party of Asset Advantage Group Limited is J C G Eddy who is also a director of Asset Advantage Group Limited.

Asset Advantage Group Limited, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2022. The consolidated financial statements of Asset Advantage Group Limited, are available from Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom.

The smallest such group is that of which Asset Advantage Limited is the parent company, whose consolidated financial statements may be obtained from Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom.