

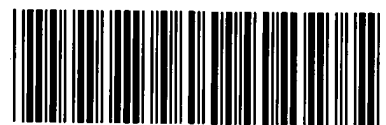
**SOLIDUS LEASING FINANCE LIMITED**

**UNAUDITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

TUESDAY



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## **SOLIDUS LEASING FINANCE LIMITED**

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### **COMPANY INFORMATION**

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<b>Directors</b>	CSC Directors (No.1) Limited CSC Directors (No.2) Limited JP Nowacki
<b>Company secretary</b>	CSC Corporate Services (UK) Limited 10th Floor 5 Churchill Place London E14 5HU
<b>Registered number</b>	11790566
<b>Registered office</b>	10th Floor 5 Churchill Place London E14 5HU
<b>Accountants</b>	CSC Capital Markets UK Limited 10th Floor 5 Churchill Place London E14 5HU
<b>Bankers</b>	National Westminster Bank Docklands South Quay Isle of Dogs London E14 9TP

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**SOLIDUS LEASING FINANCE LIMITED**

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**CONTENTS**

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	Page
<b>Strategic Report</b>	<b>1 - 3</b>
<b>Directors' Report</b>	<b>4 - 5</b>
<b>Directors' Responsibilities Statement</b>	<b>6</b>
<b>Statement of Comprehensive Income</b>	<b>7</b>
<b>Statement of Financial Position</b>	<b>8 - 9</b>
<b>Statement of Changes in Equity</b>	<b>10 - 11</b>
<b>Statement of Cash Flows</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13 - 23</b>

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## **SOLIDUS LEASING FINANCE LIMITED**

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### **STRATEGIC REPORT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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#### **Introduction**

The directors present the strategic report of Solidus Leasing Finance Limited (the "Company") for the financial year ended 31 January 2021.

#### **Principal activities and business review**

The Company was incorporated as a special purpose vehicle, registered in England and Wales, on 28 January 2019 for the purpose of acquiring a portfolio of receivables and other assigned rights associated with the receivables (together the "Receivables").

The Receivables are originated by Quantum Funding Limited (the "Seller") and consist of short to medium term loans to SME businesses secured on various types of equipment, plant and related software (together "the Equipment").

In order to fund the purchase of the Receivables, the Company entered a Secured Bilateral Term Facility Agreement (the "Senior Facility") with Investec Asset Finance PLC (the "Senior Lender") on 8 March 2019. The Senior Facility has a maximum facility available of £25,000,000 and the balance outstanding at the financial year end was £7,415,110 (2020: £17,240,376). On the same date, the Company also entered into the Junior Facility Agreement (the "Junior Facility") with HWSIL Finance Co. Limited (the "Junior Lender"). The Junior Lender has agreed to provide the Company with a secured term loan facility up to £31,159,175 and the amount drawdown at the financial year end was £12,457,036 (2020: £18,094,741).

The directors do not see any changes to the principal activities of the Company for the foreseeable future.

#### **Results**

The statement of comprehensive income of the Company is set out on page 7 and shows the profit for the financial year of £4,050 (2020: £4,050).

#### **Financial key performance indicators**

The profit for the financial year was £4,050 (2020: £4,050). The profit for the financial year arose mainly due to the amortisation of the negative goodwill on the purchase of the Receivables of £2,319,916 (2020: £2,487,682). The Senior Facility and the Junior Facility will redeem on the final maturity date.

The principal risks faced by the Company are detailed in the 'Financial risk management' section below.

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## **SOLIDUS LEASING FINANCE LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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#### **Financial risk management**

The Company's operations are financed primarily by means of the Senior Facility and Junior Facility. The Company entered into such facilities to finance the acquisition of the Receivables.

The Company is mainly exposed to credit risk, liquidity risk, market risk and interest rate risk. The principal nature of such risks is summarised below.

#### **Credit risk**

Credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due.

The Company considers the evaluation of a borrower's ability to service a loan according to its terms to be the principal factor in assessing the credit risk and the decision to acquire the Receivables.

Management of the credit risk is undertaken by reviewing and monitoring arrears balances and communicating regularly with the borrowers.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments, should the cashflows from the assets differ from those expected. The Company's assets, the Receivables are financed by the Senior Facility and Junior Facility. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

#### **Market risk**

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors. Market risk comprises of interest rate risk.

#### **Interest rate risk**

Interest rate risk exists where the interest rates on assets and liabilities are set on different bases or reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar.

#### **Capital risk management**

The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

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**SOLIDUS LEASING FINANCE LIMITED**

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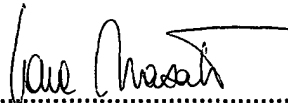
**STRATEGIC REPORT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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**Events occurring after the reporting date**

There have been no significant subsequent events which require disclosure in these financial statements.

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



.....  
**Lara Nasato per pro CSC Directors (No.1) Limited**  
Director

Date: 3 September 2021

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## SOLIDUS LEASING FINANCE LIMITED

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### DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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The directors present their report and the unaudited financial statements for the financial year ended 31 January 2021.

#### Corporate governance

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used in the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure, to achieve business objectives whilst enabling them to comply with the regulatory obligations.

#### Going concern

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. The Company's policies and processes for managing its capital are described in the strategic report. It is not the intention of the directors to dispose of the Receivables within the next 12 months of approving the financial statements.

The Company is obliged to redeem the amounts owing on the Senior Facility and Junior Facility to the extent to which funds have been generated from the Company's portfolio of Receivables. The Company's ability to repay the Junior Facility is, in substance, limited to the application of the receipts from the Receivables, after repayment of amounts owing under the Senior Facility, under the terms of the priority of payments as set out in the terms and conditions of the Intercreditor Agreement.

At the balance sheet date the Company is showing a net asset position of £8,101 (2020: £4,051).

It is the intention of the directors for the Company to continue operations until such a time as the amounts due from Receivables have been fully realised. Ultimately, due to the limited recourse nature of the Junior Facility and Senior Facility, any shortfall in the proceeds of the Receivables will be a risk to the holder of these financial instruments.

The directors have a reasonable expectation, based on current and anticipated future performance, capital and liquidity position that the entities will continue to operate for a period of at least 12 months from the date of approval of the financial statements. The financial statements have, therefore, been prepared on a going concern basis.

While the cash balance at the financial year end was nil, collections were in line with expectations and both the senior and junior facility providers have indicated their intention to continue to support the company in order to manage the recovery of the loans for at least 12 months post approval of these financial statements.

#### Key future developments

Information on future developments is included in the Incorporation, principal activities, business review and future developments section of the strategic report.

#### Financial risk management

Information on financial risk management is included in the financial risk management section of the strategic report.

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**SOLIDUS LEASING FINANCE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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**Share capital**

The issued share capital consists of 1 unpaid ordinary share of £1.

**Directors and their interests**

The directors who served during the period were:

CSC Directors (No.1) Limited  
CSC Directors (No.2) Limited  
JP Nowacki

None of the directors have any beneficial interest in the ordinary share capital of the Company.

The directors do not receive any remuneration for their services to the Company.

None of the directors had any interest either during or at the end of the year in any material contract or arrangement with the Company. The directors do not recommend the payment of a dividend.

**Third party indemnities**

Qualifying third party indemnity provisions for the benefit of the directors were in force during the period under review and remain in force as at the date of approval of the annual report and financial statements.

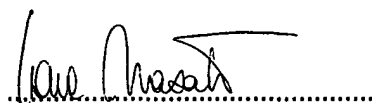
**Company secretary**

CSC Corporate Services (UK) Limited acted as the company secretary during the year, and subsequently.

**Auditors**

The directors have relied upon the exemption from the obligation to appoint an auditor permitted under sections (1) of section 480 of the Companies Act 2006 in submitting these unaudited Financial Statements.

This report was approved by the board on 3 September 2021 and signed on its behalf.



**Lara Nasato per pro CSC Directors (No.1) Limited**  
Director



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## **SOLIDUS LEASING FINANCE LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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The directors are responsible for preparing the Strategic Report, the Directors' Report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

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**SOLIDUS LEASING FINANCE LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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	Note	2021 £	2020 £
Interest income on Receivables	3	2,224,303	3,508,711
Interest expense	4	(1,945,832)	(2,896,274)
<b>Gross profit</b>		<u>278,471</u>	<u>612,437</u>
Other income	5	2,649,986	2,911,125
Operating expenses	6	(2,940,773)	(2,236,992)
Reversal/(Impairment) of Receivables	9	17,316	(1,281,570)
<b>Operating profit</b>		<u>5,000</u>	<u>5,000</u>
Tax on profit	8	(950)	(950)
<b>Profit for the financial period</b>		<u>4,050</u>	<u>4,050</u>
<b>Other comprehensive income for the period</b>			
<b>Total comprehensive income for the period</b>		<u>4,050</u>	<u>4,050</u>

The notes on pages 13 to 23 form part of these financial statements.

**SOLIDUS LEASING FINANCE LIMITED**  
**REGISTERED NUMBER:11790566**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Receivables	9	10,614,496	24,966,048
Intangible assets - negative goodwill	10	(2,438,332)	(4,758,248)
		<u>8,176,164</u>	<u>20,207,800</u>
<b>Current assets</b>			
Receivables	9	17,339,713	16,891,783
Debtors		1	1
Cash and Cash Equivalents	11	-	335,306
		<u>17,339,714</u>	<u>17,227,090</u>
Creditors: amounts falling due within one year	12	(11,340,342)	(17,275,937)
<b>Net current assets/(liabilities)</b>		<u>5,999,372</u>	<u>(48,847)</u>
<b>Total assets less current liabilities</b>		<u>14,175,536</u>	<u>20,158,953</u>
Creditors: amounts falling due after more than one year	13	(14,167,435)	(20,154,902)
<b>Net assets</b>		<u><u>8,101</u></u>	<u><u>4,051</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit And Loss Account		8,100	4,050
		<u><u>8,101</u></u>	<u><u>4,051</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 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 companies subject to the small companies regime.

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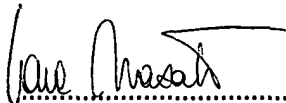
**SOLIDUS LEASING FINANCE LIMITED**  
**REGISTERED NUMBER:11790566**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 JANUARY 2021**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....  
**Lara Nasato per pro CSC Directors (No.1) Limited**  
Director

Date: 3 September 2021

The notes on pages 13 to 23 form part of these financial statements.

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**SOLIDUS LEASING FINANCE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2020	1	4,050	4,051
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	4,050	4,050
	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the financial year</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the financial year</b>	-	4,050	4,050
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 January 2021</b>	<b>1</b>	<b>8,100</b>	<b>8,101</b>
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 23 form part of these financial statements.

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**SOLIDUS LEASING FINANCE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 JANUARY 2020**

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	Called up share capital £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>			
Profit for the period	-	4,050	4,050
<b>Other comprehensive income for the period</b>	-	-	-
<b>Total comprehensive income for the period</b>	-	4,050	4,050
Shares issued during the period	1	-	1
<b>Total transactions with owners</b>	1	-	1
<b>At 31 January 2020</b>	1	4,050	4,051

The notes on pages 13 to 23 form part of these financial statements.

**SOLIDUS LEASING FINANCE LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial period	5,000	5,000
<b>Adjustments for:</b>		
(Reversal)/Impairment of Fixed Assets	(17,316)	1,281,570
Interest expense	1,945,832	2,896,274
Interest income on Receivables	(2,224,303)	(3,508,711)
Taxation charge	(2,649,986)	(2,911,125)
(Increase) in debtors	(910,505)	(1)
Increase in creditors	3,614,382	2,094,772
Corporation tax (paid)	(950)	(950)
<b>Net cash generated from operating activities</b>	<u>(237,846)</u>	<u>(143,171)</u>
<b>Cash flows from investing activities</b>		
Purchase of Receivables	-	(56,172,260)
Collections on Receivables	17,385,816	24,065,978
<b>Net cash from investing activities</b>	<u>17,385,816</u>	<u>(32,106,282)</u>
<b>Cash flows from financing activities</b>		
Drawdown on facilities	-	56,159,175
Repayment of facilities	(15,462,970)	(20,824,058)
Interest expense paid on facilities	(2,020,306)	(2,750,359)
Issued share capital	-	1
<b>Net cash used in financing activities</b>	<u>(17,483,276)</u>	<u>32,584,759</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(335,306)</u>	<u>335,306</u>
Cash and cash equivalents at beginning of period	335,306	-
<b>Cash and cash equivalents at the end of period</b>	<u>-</u>	<u>335,306</u>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash and cash equivalents	-	335,306
	<u>-</u>	<u>335,306</u>

The notes on pages 13 to 23 form part of these financial statements.

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## SOLIDUS LEASING FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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#### 1. General information

The Company was incorporated as a special purpose vehicle limited by shares, registered in England and Wales, on 28 January 2019 for the purpose of acquiring a portfolio of receivables and other assigned rights associated with the receivables (together the "Receivables"). The Company's registered office is 10th Floor, 5 Churchill Place, London, E14 5HU.

The Receivables are originated by Quantum Funding Limited (the "Seller") and consist of short to medium term loans to SME business secured on various types of equipment, plant and related software (together "the equipment").

In order to fund the purchase of the Receivables, the Company entered a Secured Bilateral Term Facility Agreement (the "Senior Facility") with Investec Asset Finance PLC (the "Senior Lender") on 8 March 2019. The Senior Facility has a maximum facility available of £25,000,000 and the balance outstanding at the financial year end was £7,415,110 (2020: £17,240,376). On the same date, the Company also entered into the Junior Facility Agreement (the "Junior Facility") with HWSIL Finance Co. Limited (the "Junior Lender"). The Junior Lender has agreed to provide the Company with a secured term loan facility up to £31,159,175 and the amount drawdown at the financial year end was £12,457,036 (2020: £18,094,741).

#### 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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

These financial statements are presented in British Pound Sterling ("£") which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. All figures in the financial statements are rounded to zero decimal places.

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements are set out below:

##### 2.2 Going concern

The directors have a reasonable expectation, based on current and anticipated future performance, capital and liquidity position that the entities will continue to operate for a period of at least 12 months from the date of approval of the financial statements. The financial statements have, therefore, been prepared on a going concern basis.

In considering the appropriateness of this assumption, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future verses the likelihood of either intending to or being forced to cease trading and place the Company into liquidation. The spread of COVID-19 around the world since January 2020 has caused significant volatility in international markets.

While the cash balance at the financial year end was nil, collections were in line with expectations and the Senior Facility and Junior Facility providers have indicated their intention to continue to support the Company in order to manage the recovery of the loans for at least 12 months post approval of these financial statements. The Company's small net asset position of £8,101 (2020: £4,051) does not indicate a going concern issue as the Company has a required profit before tax position of £5,000 as stipulated in the underlying transaction documents.



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## SOLIDUS LEASING FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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#### 2. Accounting policies (continued)

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### 2.4 Interest income and expense

Interest income is recognised in profit or loss using the effective interest method.

##### 2.5 Segmental analysis

The whole Company's operations are carried out in the United Kingdom and the results and net assets derive from notes issued in the United Kingdom, so therefore the directors only report one business and one geographic segment.

##### 2.6 Financial instruments

In accordance with Section 11 of Financial Reporting Standard FRS 102, the provisions of IAS 39 have been adopted in full with respect to the recognition and measurement of financial instruments.

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are de-recognised on the date it ceases to be a party, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction such that substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company's financial instruments comprise of the Receivables, cash and cash equivalents, the Senior Facility, the Junior Facility and various receivables and payables that arise from its operations.

###### Financial assets

The financial assets and related transaction costs are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

###### Financial liabilities

The financial liabilities are initially recognised at fair value at the date of issuance of the liability, and is subsequently measured at amortised cost, with any difference between cost and redemption value being recognised in the statement of comprehensive income on an effective interest basis.

These financial instruments are classified as described below.

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## SOLIDUS LEASING FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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#### 2. Accounting policies (continued)

##### 2.7 Receivables

The Receivables are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. The Receivables and related transaction costs are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Subsequent increases in recoverable amounts of the Receivables, which can be objectively related to an event occurring after previous impairment losses have been recognised, are recorded in the statement of comprehensive income to the extent previous impairment losses have been taken through the statement of comprehensive income. The reversal shall not result in a carrying amount of the Receivables that exceeds the amortised cost had no impairment been recognised.

##### 2.8 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account evenly over its estimated economic life.

Negative goodwill is included in the fixed assets section and released to the statement of comprehensive income over the period of which the rental assets purchased are recovered, whether through sale or impairment.

##### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.10 Creditors: amounts falling due within one year

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.11 Creditors: amounts falling due after one year

The Senior Facility and Junior Facility are classified as Creditors: amounts falling due after more than one year and is initially recognised at fair value at the date of issuance of the liability, and is subsequently measured at amortised cost, with any difference between cost and redemption value being recognised in the statement of comprehensive income on an effective interest basis.

The amounts drawn down on the Senior Facility and Junior Facility were used to purchase the Receivables.

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## SOLIDUS LEASING FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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#### 2. Accounting policies (continued)

##### 2.12 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### 2.13 Judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant judgements made by management and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Company's results and financial position, are detailed in the impairment accounting policy.

##### *Impairment of the Receivables*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as Receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in profit or loss and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If, in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

#### 3. Interest income on Receivables

	Year ended 31 January 2021 £	Period ended 31 January 2020 £
Interest income on Receivables	2,224,303	3,508,711
	<u>2,224,303</u>	<u>3,508,711</u>

**SOLIDUS LEASING FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

**4. Interest expense**

	Year ended 31 January 2021 £	Period ended 31 January 2020 £
Senior Facility interest expense	(548,276)	(859,397)
Junior Facility interest expense	(1,397,556)	(2,036,877)
	<u>(1,945,832)</u>	<u>(2,896,274)</u>

**5. Other income**

	Year ended 31 January 2021 £	Period ended 31 January 2020 £
Other income	330,070	423,443
Amortisation of negative goodwill on purchase of Receivables	2,319,916	2,487,682
	<u>2,649,986</u>	<u>2,911,125</u>

The "Other income" line is comprised of non-principal collections from underlying receivables relating to secondary rentals and service fee income.

**6. Operating expenses**

	Year ended 31 January 2021 £	Period ended 31 January 2020 £
Performance manager fee	(2,801,449)	(1,901,660)
Servicer fees	(87,585)	(117,514)
Management fees	(7,314)	(29,201)
Corporate services fees	(24,336)	(26,166)
Other expenses	(20,089)	(162,451)
	<u>(2,940,773)</u>	<u>(2,236,992)</u>

The Performance manager fee represents the excess revenue amounts that are swept by way of deferred consideration having discharged all other payments in accordance with the Company's priority of payments waterfall.

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**SOLIDUS LEASING FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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**7. Directors and employees**

The Company has no employees and services required are contracted from third parties.

The directors received no remuneration from the Company or any third party in respect of qualifying services rendered to the Company during the year. CSC Capital Markets UK Limited appointed directors are compensated directly from CSC Capital Markets UK Limited, not from the Company.

**8. Taxation**

**Factors affecting tax charge for the financial year**

The tax assessed for the financial year is the same as the standard rate of corporation tax in the UK of 19% (2020: 19%) based on the required profit position, as outlined in the transaction documents, which is set out below:

	Year ended 31 January 2021 £	Period ended 31 January 2020 £
Profit on ordinary activities before tax	5,000	5,000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	950	950
<b>Total tax charge for the period</b>	<b>950</b>	<b>950</b>

The Company meet the requirements and fall within the scope of the UK securitisation company regime provided for by section 623 of the Corporation Tax Act 2010 and the Taxation of the Securitisation Companies Regulations 2006, as such the Company is subject to UK corporation tax on its "retained profits" only.

**9. Receivables**

	2021 £	2020 £
Opening balance	41,857,831	-
Purchase of Receivables	-	63,273,225
Collections on Receivables	(17,055,745)	(23,642,535)
Effective Interest Rate ("EIR") Adjustment	2,224,302	3,508,711
Reversal/(Impairment) on Receivables	17,316	(1,281,570)
Additional due on Purchased Loan Portfolio due to forbearance	910,505	-
<b>Closing balance</b>	<b>27,954,209</b>	<b>41,857,831</b>

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**SOLIDUS LEASING FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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**9. Receivables (continued)**

	2021 £	2020 £
<b>Analysed between:</b>		
Current	17,339,713	16,891,783
Non-Current	10,614,496	24,966,048
	<u>27,954,209</u>	<u>41,857,831</u>

The Receivables are originated by Quantum Funding Limited (the "Seller") and consist of short to medium term loans to SME business secured on various types of equipment, plant and related software (together "the equipment"). A reversal of £17,316 (2020: £1,281,570 loss) has been made to the impairment provision recognised against the Receivables.

On 15 March 2019, the Company purchased a significant number of lease receivables from Quantum for which economic inputs and processes are needed to administer. As such, this is treated as a business combination. The assets were brought over at their fair value which resulted in negative goodwill being recognised. The negative goodwill balance at the financial year end is £2,438,332 (2020: £4,758,248). The movements on the negative goodwill balance are disclosed in note 10.

**10. Intangible assets**

	2021 £	2020 £
<b>Negative goodwill</b>		
Opening balance	(4,758,248)	-
Additions	-	(7,245,930)
Amortisation for the year/period	2,319,916	2,487,682
<b>Closing balance</b>	<u>(2,438,332)</u>	<u>(4,758,248)</u>

The negative goodwill above arose as the Receivables were purchased at a discount.

**11. Cash and cash equivalents**

	2021 £	2020 £
Cash and cash equivalents	-	335,306
	<u>-</u>	<u>335,306</u>

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**SOLIDUS LEASING FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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**12. Creditors: amounts falling due within one year**

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Senior Facility	(6,585,452)	(9,825,265)
Junior Facility	(4,640,163)	(7,256,610)
Other Creditors	(113,777)	(193,112)
Accrued corporation tax	(950)	(950)
	<u>(11,340,342)</u>	<u>(17,275,937)</u>

The other creditors balance is comprise of accruals for expenses and interest on the Senior Facility and Junior Facility.

**13. Creditors: amounts falling due after one year**

	2021 £	2021 £
Senior Facility	(829,658)	(7,415,111)
Junior Facility	(7,816,873)	(10,838,131)
Performance manager fee accrual	(5,520,904)	(1,901,660)
	<u>(14,167,435)</u>	<u>(20,154,902)</u>

In order to fund the purchase of the Receivables, the Company entered a Secured Bilateral Term Facility Agreement (the "Senior Facility") with Investec Asset Finance PLC (the "Senior Lender") on 8 March 2019. The Senior Facility has a maximum facility available of £25,000,000 and the balance outstanding at the financial year end was £7,415,110 (2020: £17,240,376). The maturity date on the Senior Facility is 10 March 2022. On the 8 March 2019, the Company also entered into the Junior Facility Agreement (the "Junior Facility") with HWSIL Finance Co. Limited (the "Junior Lender"). The Junior Lender has agreed to provide the Company with a secured term loan facility up to £31,159,175 and the balance drawdown at the financial year end was £12,457,036 (2020: £18,094,741). The maturity date on the Junior Facility is 12 March 2024.

On 8 March 2019, the Company created a fixed and floating charge in favour of Investec Asset Finance Plc and HWSIL W1 Limited acting as Security Trustee for both the Senior Facility and Junior Facility. The charge is over the benefit in the transaction documents and any sums derived therefrom.

The Performance manager fee represents the excess revenue amounts that are swept by way of deferred consideration having discharged all other payments in accordance with the Company's priority of payments waterfall. The payment to the Performance Manager, Investec Asset Finance PLC, will be made on maturity, March 2022.

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## SOLIDUS LEASING FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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#### 14. Called up share capital

	2021 £	2021 £
<b>Authorised, allotted, called up and unpaid</b>		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

All shares were allotted on incorporation. The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

#### 15. Financial risk management

The narrative disclosure required by FRS 102 in relation to the nature of the financial instruments used during the year to manage credit risk, interest rate risk and liquidity exposure and its capital risk management policies are shown in the Strategic Report under the heading 'Financial risk management'.

At the financial year end, the financial instruments of the Company are classified as Receivables of £27,954,209 (2020: £41,857,831), cash at bank £nil (2020: £335,306), debtors of £1 (2020: £1) and financial liabilities at amortised cost of £19,872,146 (2020: £35,335,117) consisting of the Senior Facility £7,415,110 (2020: £17,240,376) and the Junior Facility, £12,457,036 (2020: £18,094,741).

It is, and has been throughout the financial year under review, the Company's policy that no trading in financial instruments shall be undertaken. The Company's exposure to risk on its financial instruments and the management of such risk is largely determined at the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction is defined and documented.

##### **Credit risk**

The ability of the Company to meet its obligations to make principal and interest payments on the Senior Facility and Junior Facility and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due on the Receivables. Both the Senior Facility and Junior Facility providers have indicated their intention to continue to support the Company in order to manage the recovery of the loans for at least 12 months post approval of these financial statements. A reversal of £17,316 has been made against the impairment provision recognised on the Receivables as at 31 January 2021 (2020: £1,281,570 loss). The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.



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**SOLIDUS LEASING FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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**15. Financial risk management (continued)**

**Credit risk (continued)**

The maximum exposure to credit risk at the financial year end is as follows:

	Carrying value £	Maximum exposure £
<b>31 January 2021</b>		
<b>Assets</b>		
Receivables	27,954,209	27,954,209
Intangible assets - negative goodwill	(2,438,332)	(2,438,332)
Cash at bank and in hand	-	-
Other debtors	1	1
	<u>25,515,878</u>	<u>25,515,878</u>
	Carrying Value £	Maximum Exposure £
<b>31 January 2020</b>		
<b>Assets</b>		
Receivables	41,857,831	41,857,831
Intangible assets - negative goodwill	(4,758,248)	(4,758,248)
Cash at bank and in hand	335,306	335,306
Other Debtors	1	1
	<u>37,434,890</u>	<u>37,434,890</u>

**Market risk**

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors. As disclosed in the Strategic Report the Company is not exposed to market risk.

**Liquidity risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Senior Facility and Junior Facility as they fall due is dependent on timely receipt of funds on the Receivables. In the event that the Company has insufficient funds available to pay interest and/or principal on the Senior Facility and subsequently the Junior Facility, then the facility providers will incur a loss of interest and/or principal which would otherwise be due.

**Currency profile**

All of the Company's financial assets and liabilities are denominated in Sterling.

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## SOLIDUS LEASING FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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#### 16. Related party transactions

During the financial year fees of £24,336 (2020: £26,166) were incurred to CSC Capital Markets UK Limited by the Company. These fees are in respect of corporate services provided, including the provision of directors. JP Nowacki, as a director of the Company had an interest in this fee in his capacity as a director of CSC Capital Markets UK Limited.

All transactions presented in statement of comprehensive income and statement of financial position represent related party transactions with the exception of corporation tax provision.

#### 17. Ownership of the Company

The entire share capital of Solidus Leasing Finance Limited is held on a discretionary trust basis under a share trust deed by the legal parent company, CSC Corporate Services (UK) Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company has no parent or any other controlling party.

#### 18. Post balance sheet events

There have been no significant subsequent events which require disclosure in these financial statements.

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## SOLIDUS LEASING FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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#### 14. Called up share capital

	2021 £	2021 £
<b>Authorised, allotted, called up and unpaid</b>		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

All shares were allotted on incorporation. The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

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The narrative disclosure required by FRS 102 in relation to the nature of the financial instruments used during the year to manage credit risk, interest rate risk and liquidity exposure and its capital risk management policies are shown in the Strategic Report under the heading 'Financial risk management'.

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**SOLIDUS LEASING FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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**15. Financial risk management (continued)**

**Credit risk (continued)**

The maximum exposure to credit risk at the financial year end is as follows:

	Carrying value £	Maximum exposure £
<b>31 January 2021</b>		
<b>Assets</b>		
Receivables	27,954,209	27,954,209
Intangible assets - negative goodwill	(2,438,332)	(2,438,332)
Cash at bank and in hand	-	-
Other debtors	1	1
	<u>25,515,878</u>	<u>25,515,878</u>
	Carrying Value £	Maximum Exposure £
<b>31 January 2020</b>		
<b>Assets</b>		
Receivables	41,857,831	41,857,831
Intangible assets - negative goodwill	(4,758,248)	(4,758,248)
Cash at bank and in hand	335,306	335,306
Other Debtors	1	1
	<u>37,434,890</u>	<u>37,434,890</u>

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**Currency profile**

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**SOLIDUS LEASING FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

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*There have been no significant subsequent events which require disclosure in these financial statements.*