

Heidi Finance Holdings (UK) Limited

Annual report and accounts
for the year ended 31 December 2018

Registered office

25 Gresham Street
London
EC2V 7HN

Registered number

01212279

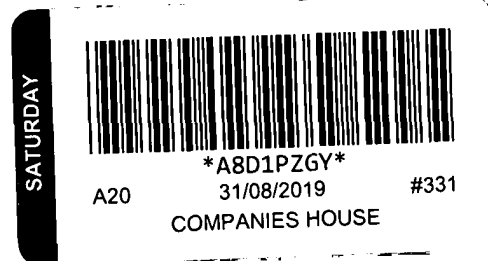
Current directors

J McCaffrey
L Pamma
M D Whytock

Company Secretary

D D Hennessey

Member of Lloyds Banking Group



Directors' report

For the year ended 31 December 2018

The directors present their report for the year ended 31 December 2018.

General information

The Company is a limited company incorporated and domiciled in England and Wales (registered number: 01212279).

The Company holds an investment in an associate undertaking, Hyundai Car Finance Limited (wholly owned by Lloyds Banking Group ("the Group")), which it carries at historic cost. The Company is also an intermediary party to a legal agreement between Hyundai Motor UK Limited and Hyundai Car Finance Limited under which the Company previously paid commissions. No payments have been made since the cessation of new business in 2011.

The Company is funded entirely by other companies within the Group.

During the year ended 31 December 2018 the Company did not trade or incur any liabilities and consequently has made neither profit nor loss.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Retail Division, which is part of the Lloyds Banking Group. While these risks are not managed separately for the Company, the Company is a main trading company of the Retail Division. The Retail Finance Division is a portfolio of businesses and operates in a number of specialist markets providing consumer lending and contract hire to personal and corporate customers. Further details of risk management policies are contained in note 14 to the financial statements.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. KPIs are monitored and reported at a divisional level.

Future outlook

Business with Hyundai Motor UK Limited ceased at the end of 2011 and since then no further fee expense or associated fee income relating to new business generated by Hyundai Car Finance Limited has been recognised in the financial statements.

The Company is part of the wider Lloyds Banking Group, and, at that level, consideration of many of the potential implications following the UK's vote to leave the European Union ("EU") has been undertaken. Work continues to assess the impact of EU exit at the level of the Lloyds Banking Group, as well as for the Company, upon customers, colleagues and products. This assessment includes all legal, regulatory, tax, finance and capital implications.

Dividends

No dividends were paid or proposed during the year ended 31 December 2018 (2017: £15,210,000).

Going concern

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Directors

The current directors of the Company are shown on the front cover.

The following changes have taken place between the beginning of the reporting period and the approval of the Annual report and accounts:

M D C G Lopez	(resigned 21 March 2018)
L Pamma	(appointed 14 June 2018)

Directors' report (continued)

For the year ended 31 December 2018

Directors' indemnities

Lloyds Banking Group plc has granted to the directors of the Company a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of directors who join the board of the Company during the financial year. Directors no longer in office but who served on the board of the Company at any time in the financial year have the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of the directors' periods of office. The deed indemnifies the directors to the maximum extent permitted by law. Deeds for existing directors are available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

Approved by the board of directors and signed on its behalf by:



M D Whylock
Director

30th August 2019

Statement of comprehensive income

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Income from investments	3	-	9,788
Profit before tax		-	9,788
Taxation	7	-	-
Profit for the year, being total comprehensive income		-	9,788

The accompanying notes to the financial statements are an integral part of these financial statements.

Balance sheet

As at 31 December 2018

	Note	2018 £'000	2017 £'000
ASSETS			
Trade and other receivables	9	10,109	10,109
Investment in associate undertaking	10	5	5
Total assets		10,114	10,114
LIABILITIES			
Borrowed funds	11	9,810	9,810
Total liabilities		9,810	9,810
EQUITY			
Share capital	12	200	200
Retained earnings		104	104
Total equity		304	304
Total equity and liabilities		10,114	10,114

For the year ended 31 December 2018, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 (the "Act") relating to dormant companies.

Directors' responsibilities:

- The member has not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirement of the Act with respect to accounting records and the preparation of accounts.

The accompanying notes to the financial statements are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:



M D Whytock
Director

30th AUGUST 2019

Statement of changes in equity

For the year ended 31 December 2018

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 January 2017	200	5,526	5,726
Profit for the year being total comprehensive income	-	9,788	9,788
Dividend paid to equity holders of the Company	-	(15,210)	(15,210)
At 31 December 2017	200	104	304
Profit for the year being total comprehensive income	-	-	-
At 31 December 2018	200	104	304

The accompanying notes to the financial statements are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2018

	2018 £'000	2017 £'000
Cash flows used in operating activities		
Profit before tax	-	9,788
Adjustments for:		
Dividends received	-	(9,788)
Cash generated from operations	-	-
Tax paid	-	(20)
Net cash used in operating activities	-	(20)
Cash flows generated from investing activities		
Dividends received	-	9,788
Net cash generated from investing activities	-	9,788
Cash flows used in financing activities		
Dividends paid	-	(15,210)
Proceeds from net lending to group undertakings	-	5,442
Net cash used in financing activities	-	(9,768)
Change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies

1.1 Basis of preparation

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

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and its predecessor body.

There are no new IFRS pronouncements relevant to the Company requiring adoption in these financial statements.

The financial statements have been prepared on a going concern basis as detailed in the Directors' report and under the historical cost convention.

1.2 Income recognition

Dividend income

Dividend income is recognised when the right to receive payment is established.

1.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings. Financial liabilities comprise Amounts due to group undertakings.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired.

Interest bearing financial assets and financial liabilities are recognised and measured at amortised cost inclusive of transaction costs, using the effective interest rate method.

1.4 Dividends paid

Dividends on ordinary shares are recognised through equity in the period in which they are paid.

1.5 Taxation, including deferred income taxes

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the income statement (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the Balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs (HMRC) or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each Balance sheet date, and the provisions are re-measured as required to reflect current information.

1.6 Investment in associated undertaking

Associates are entities over which the Company has significant influence but not control. The investment in associate undertaking is stated at cost less any provision for impairment.

Investment in associate undertaking is reviewed for impairment losses at the end of each period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and value in use.

Notes to the financial statements (continued)

For the year ended 31 December 2018

2. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

In the course of preparing these financial statements, there are no critical judgements nor have any critical accounting estimates been made in the process of applying the Company's accounting policies.

3. Income from investment

Income from investment relates to dividend income received on the Company's equity instruments of £nil (2017: £9,788,000).

4. Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements in the prior year were £2,000 and these were borne by a fellow group company and were not recharged to the Company.

In both years, accounting and administration services were provided by a fellow group undertaking and were not recharged to the Company.

5. Staff costs

The Company did not have any employees during the year (2017: none).

6. Directors' emoluments

No director received any fees or emoluments from the Company during the year (2017: £nil). The directors are employed by other companies within the Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 13).

7. Taxation

	2018 £'000	2017 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	-	20
<hr/>		
Corporation tax is calculated at a rate of 19.00% (2017: 19.25%) of the taxable profit for the year.		
b) Factors affecting the tax charge for the year		
A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax charge for the year is given below:		
	2018 £'000	2017 £'000
Profit before tax	-	9,788
Tax charge thereon at UK corporation tax rate of 19.00% (2017: 19.25%)	-	1,884
Factors affecting charge:		
- Disallowed and non-taxable items	-	(1,884)
<hr/>		
Tax charge on profit on ordinary activities	-	-
<hr/>		
Effective rate	0.00%	0.00%

The Finance Act 2016 reduced the main rate of corporation tax to 17% with effect from 1 April 2020.

Notes to the financial statements (continued)

For the year ended 31 December 2018

8. Dividends

No dividends were declared or paid during the year. In the prior year, dividends totalling £76.05 per share were paid, representing a total dividend of £15,210,000.

9. Trade and other receivables

	2018 £'000	2017 £'000
Amounts due from group undertakings (see note 13)	10,109	10,109

Amounts due from other group undertakings is non-interest bearing and repayable on demand. The fair value of Amounts due from other group undertakings is equal to its carrying amount. No provisions are recognised in respect of Amounts due from other group undertakings.

10. Investment in associate undertaking

The Company's investment in its associated undertaking, Hyundai Car Finance Limited, is carried at a cost and net book value of £5,000 (2017: £5,000). Hyundai Car Finance Limited has an accounting reference date of 31 December and is a limited company incorporated and domiciled in England and Wales.

Investment in jointly controlled entities and associate undertakings	Company interest	Principal activities	Registered Address
Hyundai Car Finance Limited	49.99%	Financial services	116 Cockfoster Road, Barnet, EN4 0DY

The Company holds 49.99% of the ordinary shares and voting rights of Hyundai Car Finance Limited.

11. Borrowed funds

	2018 £'000	2017 £'000
Amounts due to group undertakings (see note 13)	9,810	9,810

Amounts due to group undertakings is unsecured, non-interest bearing and repayable on demand.

12. Share capital

	2018 £'000	2017 £'000
Allotted, issued and fully paid 200,000 ordinary shares of £1 each	200	200

Notes to the financial statements (continued)

For the year ended 31 December 2018

13. Related party transactions

The Company is controlled by the Retail Division. A number of transactions are entered into with related parties in the normal course of business. A summary of the outstanding balances at the year end and the related income and expense for the year are set out below.

	2018 £'000	2017 £'000
Amounts due from group undertakings		
Hyundai Car Finance Limited	319	319
Lloyds Bank plc	9,790	9,790
Total Amounts due from group undertakings (see note 9)	10,109	10,109
Amounts due to group undertakings		
Black Horse Group Limited	9,790	9,790
Black Horse Limited	20	20
Total Amounts due to group undertakings (see note 11)	9,810	9,810
Dividend income		
Hyundai Car Finance Limited (see note 3)	-	9,788
Dividend paid		
Black Horse Group Limited (see note 8)	-	15,210

The above balances are unsecured in nature and are expected to be settled in cash or by cash equivalents. Transactions in the year are those reflected through the Statement of comprehensive income.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management is comprised of the directors of the Company, the directors of the Retail Division and the members of the Lloyds Banking Group plc board. Members of the Lloyds Banking Group plc board are employed by other companies within the Group and consider their services to Consumer Finance are incidental to their other responsibilities within the Group. Other than as set out below, there were no transactions between the Company and key management personnel during the current or preceding year.

14. Financial risk management

The Company's operations expose it to liquidity risk; it is not exposed to any significant credit risk, interest rate risk, market risk, business risk and foreign exchange risk. Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by the Retail Finance Division, and the ultimate parent, Lloyds Banking Group plc.

A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.

14.1 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. To manage this risk extensive borrowing facilities are available from within the Group.

Liquidity risks are managed as part of the Group by an intermediate parent company, Lloyds Bank plc, in consultation with the board of directors. Monthly reviews of funding positions are undertaken to anticipate any shortfalls.

The Company is funded entirely by companies within the Group. Such funding is repayable on demand, although there is no expectation that such a demand would be made.

14.2 Financial strategy

The Company does not trade in financial instruments, nor does it use derivatives.

Notes to the financial statements (continued)

For the year ended 31 December 2018

14. Financial risk management (continued)

14.3 Fair values of financial assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and the fair value.

15. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholders through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

16. Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the Balance sheet date (2017: £nil).

17. Post balance sheet events

There are no post balance sheet events requiring disclosure in these financial statements.

18. Ultimate parent undertaking and controlling party

The immediate parent company is Black Horse Group Limited (incorporated in England and Wales). The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Lloyds Bank plc is the parent undertaking of the smallest such group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via www.lloydsbankinggroup.com.