

# **London Taxi Finance Limited**

## **Annual report and accounts for the year ended 31 December 2020**

### **Registered office**

25 Gresham Street  
London  
EC2V 7HN

### **Registered number**

02141786

### **Current directors**

C M Adams  
J Cadden  
M D Whytock

### **Company Secretary**

D D Hennessey

Member of Lloyds Banking Group

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## Directors' report

For the year ended 31 December 2020

The directors present their report and the audited financial statements of London Taxi Finance Limited ("the Company") for the year ended 31 December 2020.

### General information

The Company is a private limited company, incorporated in the United Kingdom, registered and domiciled in England and Wales (registered number: 02141786).

The Company provided a range of hire purchase products and personal loans, generally in connection with the financing of the taxi trade.

The Company is funded entirely by other companies within the Lloyds Banking Group ("the Group").

### 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 Group. While these risks are not managed separately for the Company, the Retail 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 13 to the financial statements.

The global pandemic from the outbreak of COVID-19 continues to cause widespread disruption to normal patterns of business activity across the world, including in the UK, and volatility in financial markets. Measures taken to contain the health impact of the COVID-19 pandemic have resulted in an adverse impact on economic activity across the world and the duration of these measures remains uncertain. Monetary policy loosening has supported asset valuations across many financial markets, but longer-term impacts on inflation, interest rates, credit spreads, foreign exchange rates and commodity, equity and bond prices remain unclear.

The economic impacts of the COVID-19 pandemic is expected to have no material impact on the Company as all Loans and advances to customers attributed to the Company have come to an end.

### 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.

### Future outlook

The Company ceased to write new business in 2005. All remaining loans were fully paid or written off in 2015, therefore, Loans and advances to customers is £nil. The directors aim to liquidate the Company in the next 12 months.

Given that the directors intend to liquidate the Company, the UK's exit from the EU is not expected to have a material impact on the Company.

### Dividends

No dividends were paid or proposed during the year ended 31 December 2020 (2019: £nil).

### Going concern

The directors have decided to liquidate the Company and it is expected that the Company will be liquidated within the next 12 months. Therefore the accounts have been prepared on a basis other than going concern.

### Directors

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

There have been no changes to directors between the beginning of the reporting period and the approval of the Annual report and financial statements.

## Directors' report (continued)

For the year ended 31 December 2020

### Directors' indemnities

Lloyds Banking Group plc has granted to the directors of the Company a deed of indemnity which constitutes '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. The Deed for existing directors is 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.

### Statement of directors' responsibilities

The directors are responsible for preparing the Director's 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 prepared the Company's financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Independent auditors and disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the directors of the Company resolve to terminate their appointment. Following the completion of a tender process, Deloitte LLP are to be appointed as auditors of the Company for accounting periods ending on or after 31 December 2021.

This report has been prepared in accordance with the special provisions relating to small companies within Section 415A of Part 15 of the Companies Act 2006.

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



C M Adams  
Director

14 May 2021

## Statement of comprehensive income

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Payment protection insurance credit/(charge)	10	20	(60)
Impairment gains	3	7	-
<b>Profit/(loss) before tax</b>		<b>27</b>	<b>(60)</b>
Taxation	7	-	-
<b>Profit/(loss) for the year, being total comprehensive income/(expense)</b>		<b>27</b>	<b>(60)</b>

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

## Balance sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>LIABILITIES</b>			
Borrowed funds	9	122	105
Provision for liabilities and charges	10	58	102
<b>Total liabilities</b>		<b>180</b>	<b>207</b>
<b>EQUITY</b>			
Share capital	11	-	-
Accumulated losses		(180)	(207)
<b>Total equity</b>		<b>(180)</b>	<b>(207)</b>
<b>Total equity and liabilities</b>		<b>-</b>	<b>-</b>

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:



C M Adams  
Director

14 May 2021

## Statement of changes in equity

For the year ended 31 December 2020

	Share capital £'000	Accumulated losses £'000	Total equity £'000
<b>At 1 January 2019</b>	-	(147)	(147)
Loss for the year being total comprehensive expense	-	(60)	(60)
<b>At 31 December 2019</b>	-	(207)	(207)
Profit for the year being total comprehensive income	-	27	27
<b>At 31 December 2020</b>	-	(180)	(180)

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

## Cash flow statement

For the year ended 31 December 2020

	2020 £'000	2019 £'000
<b>Cash flows used in operating activities</b>		
Profit/(loss) before tax	27	(60)
Adjustments for:		
- (Decrease)/increase in Provision for liabilities and charges	(44)	38
<b>Net cash used in operating activities</b>	<b>(17)</b>	<b>(22)</b>
<b>Cash flows generated from financing activities</b>		
Proceeds from net borrowings with group undertakings	17	22
<b>Net cash generated from financing activities</b>	<b>17</b>	<b>22</b>
<b>Change in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of year	-	-
<b>Cash and cash equivalents at end of year</b>	<b>-</b>	<b>-</b>

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 2020

### 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.

The financial statements of the Company comply with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS comprises 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 and its predecessor body.

The following new IFRS pronouncement is relevant to the Company and has been adopted in these financial statements:

- (i) Minor amendments to other accounting standards: The IASB has issued a number of minor amendments to IFRSs effective 1 January 2020 (including IFRS 3 Business Combinations and IAS 1 Presentation of Financial Statements).

The application of this pronouncement has not had any impact for amounts recognised in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2020 and which have not been applied in preparing these financial statements are given in note 17. No standards have been early adopted.

The financial statements have been prepared on a break up basis as the directors expect to liquidate the Company within the next 12 months. There would be no difference to asset values between a going concern basis and a basis other than going concern under the historical cost convention.

#### 1.2 Financial assets and liabilities

Financial liabilities comprise Amounts due to group undertakings. The Company has no financial assets.

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.

#### 1.3 Cash and cash equivalents

For the purposes of the Balance sheet and Cash flow statement, cash and cash equivalents comprise balances with less than three months maturity.

#### 1.4 Taxation, including deferred income taxes

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the Statement of comprehensive income 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 Statement of comprehensive income (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.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the Balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.



## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### 1.4 Taxation, including deferred income taxes (continued)

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

#### 1.5 Provision for liabilities and charges

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

#### 1.6 Impairment gains

A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the Statement of comprehensive income.

### 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.

The following are critical accounting estimates and judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### Payment Protection Insurance

At 31 December 2020 the Company has provided £58,000 (2019: £102,000) against the cost of making redress payments to customers and the related administration costs in relation to the mis-selling of Payment Protection Insurance ("PPI") (see note 10). The total amount provided for PPI represents the Company's best estimate of the likely future cost. In estimating the likely future cost, it is necessary to form a view on the average cost of redress and the extent to which complaints will be upheld. The stock of complaints resulting from the PPI industry deadline in August 2019, was materially completed during 2020 despite the COVID-19 pandemic delaying operational activities. The Group and the Company are now focused upon the final stages of work to ensure operational completeness ahead of an orderly programme close. Until the orderly close is complete, the Group and the Company continues to require the application of assumptions in respect of matters which are inherently uncertain, including the average cost of redress. Whilst these assumptions are subject to regular review against actual experience, it is possible that future costs will differ from those calculated using assumptions to derive management's best estimate. For sensitivity analysis see note 10.

### 3. Impairment gains

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
31 December 2020				
Recoveries of Loans and advances previously written off	-	-	7	7

### 4. Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £3,500 (2019: £1,500) have been borne by a fellow group company and are not recharged to the Company. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 5. Staff costs

The Company did not have any employees during the year (2019: none).

### 6. Directors' emoluments

No director received any fees or emoluments from the Company during the year (2019: £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 12).

### 7. Taxation

	2020 £'000	2019 £'000
<b>a) Analysis of charge/(credit) for the year</b>		
UK corporation tax:		
- Current tax on taxable profit/(loss) for the year	-	-

Corporation tax is calculated at a rate of 19.00% (2019: 19.00%) of the taxable profit/(loss) for the year.

#### b) Factors affecting the tax charge/(credit) for the year

A reconciliation of the charge/(credit) that would result from applying the standard UK corporation tax rate to the profit/(loss) before tax to the actual tax charge/(credit) for the year is given below:

	2020 £'000	2019 £'000
Profit/(loss) before tax	27	(60)
Tax charge/(credit) thereon at UK corporation tax rate of 19.00% (2019: 19.00%)	5	(11)
Factors affecting charge/(credit):		
- Tax losses where no deferred tax recognised	(5)	11
Tax charge on profit/(loss) on ordinary activities	-	-
Effective rate	0.00%	0.00%

### 8. Deferred tax asset

A deferred tax asset of £25,000 (2019: £27,000) relating to miscellaneous losses has not been recognised on the basis that the Company has insufficient forecast taxable profits to recover the asset in future periods. Subject to some conditions the losses can be carried forward indefinitely and offset against future taxable profits.

The Finance Act 2016 reduced the main rate of corporation tax to 17% with effect from 1 April 2020. This reduction was superseded by The Finance Act 2020 which was enacted on 22 July 2020, and maintained the main rate of corporation tax at 19% with effect from 1 April 2020.

On 3 March 2021, the UK Government announced its intention to increase the rate of corporation tax from 19% to 25% with effect from 1 April 2023. Had this change in corporation tax been enacted on 31 December 2020, the effect would have been to increase unrecognised deferred tax assets by £8,000.

### 9. Borrowed funds

	2020 £'000	2019 £'000
Amounts due to group undertakings (see note 12)	122	105

Amounts due to group undertakings are unsecured, non-interest bearing and repayable on demand, although there is no expectation that such a demand would be made.

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 10. Provision for liabilities and charges

	Other provision	PPI Provision	Total
	£'000	£'000	£'000
At 1 January 2019	-	64	64
Charge for the year	-	60	60
Recognised in the year	2	-	2
Utilised during the year	(2)	(22)	(24)
At 31 December 2019	-	102	102
Credit for the year	-	(20)	(20)
Utilised during the year	-	(24)	(24)
<b>At 31 December 2020</b>	<b>-</b>	<b>58</b>	<b>58</b>

As at 31 December 2020, the Company carried a provision of £58,000 (2019: £102,000) against the cost of making redress payments to customers and the related administration costs in relation to the mis-selling of PPI. If the average cost of redress increased by five per cent then there would be an additional charge of approximately £3,000, and accordingly, if the average cost of redress decreased by five per cent then there would be an additional credit of approximately £3,000.

### 11. Share capital

	2020 £'000	2019 £'000
<b>Allotted, issued and fully paid</b>		
75 "A" ordinary shares of £1 each	-	-
25 "B" ordinary shares of £1 each	-	-
	-	-

The "A" ordinary shares and the "B" ordinary shares rank pari passu with regard to the right to receive all dividends and other distributions declared, made or paid on the ordinary share capital of the Company. Both "A" ordinary shares and the "B" ordinary shares are held by Black Horse Group Limited.

### 12. Related party transactions

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

	2020 £'000	2019 £'000
<b>Amounts due to group undertakings</b>		
Black Horse Limited (see note 9)	122	105

The above balances are unsecured in nature.

#### 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 comprises the directors of the Company and the Retail Division of the Group. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

### 13. Financial risk management

The Company's operations expose it to liquidity risk and business risk; it is not exposed to any significant credit risk, interest rate risk, market risk or 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 Division of the Group, and the ultimate parent, Lloyds Banking Group plc. The liquidity risk faced by the Company is in substance managed and borne by other group undertakings which fund the Company.

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

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 13. Financial risk management (continued)

#### 13.1 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. 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. All other financial liabilities are repayable on demand.

#### 13.2 Business risk

Business risk is the risk that the Company's earnings are adversely impacted by a suboptimal business strategy or the suboptimal implementation of the strategy. In assessing business risk consideration is given to internal and external factors such as products, funding, resource capability and economic, political and regulatory factors.

Through regular reports and oversight business risk is managed by corrective actions to plans and reductions in exposures where necessary.

#### 13.3 Financial strategy

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

#### 13.4 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.

### 14. 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.

### 15. Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the Balance sheet date (2018: £nil).

### 16. Post balance sheet events

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

### 17. Future developments

The following pronouncement will be relevant to the Company but was not effective at 31 December 2020 and has not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
Minor amendments to other accounting standards	The IASB has issued a number of minor amendments to IFRSs effective 1 January 2021 and 1 January 2022 (including IFRS 9 Financial Instruments and IAS 37 Provisions, Contingent Liabilities and Contingent Assets).	Annual periods beginning on or after 1 January 2021

The full impact of this pronouncement is being assessed by the Company. However, this is not expected to have any material impact on the reported numbers in the financial statements.

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 18. Ultimate parent undertaking and controlling party

The immediate parent company is Black Horse Group Limited (incorporated in England & 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](http://www.lloydsbankinggroup.com).

# **Independent Auditors' report to the members of London Taxi Finance Limited**

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, London Taxi Finance Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Statement of comprehensive income, the Statement of changes in equity and Cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Emphasis of matter - financial statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### *Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

## Independent Auditors' report to the members of London Taxi Finance Limited (continued)

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements<sup>a</sup>*

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles such as those governed by the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates. Audit procedures performed included:

- Inquiries of those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud
- review of minutes of Board meetings;
- testing period end adjustments to supporting documentation;
- incorporating an element of unpredictability into the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular, in relation to conduct risk; and
- identifying and testing journal entries, in particular any manual journal entries posted by unexpected or unusual users, posted with descriptions indicating a higher level of risk, and posted late with an impact on financial performance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Independent Auditors' report to the members of London Taxi Finance Limited (continued)

### Other required reporting

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#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

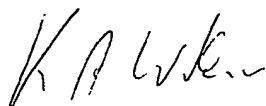
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified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

We have no exceptions to report arising from this responsibility.

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#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kevin Williams (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

14 May 2021