Hyundai Car Finance Limited

Annual report and financial statements for the year ended 31 December 2021

Registered office

St William House
Tresillian Terrace
Cardiff
CF10 5BH

Registered number

02160191

Current directors

C M Adams
R A Jones

Company Secretary

D D Hennessey

Member of Lloyds Banking Group

Directors' report

For the year ended 31 December 2021

The directors present their report and the audited financial statements of Hyundai Car Finance Limited ("the Company") for the year ended 31 December 2021.

General information

The Company is a private limited company, limited by shares, incorporated in the United Kingdom and registered and domiciled in England and Wales (registered number: 02160191).

The Company historically provided a range of hire purchase and finance lease products, as well as personal loans, generally in connection with the financing of Hyundai motor cars.

Review of business

The results of the Company show a Profit before tax of £13,000 (2020: £36,000) for the year as set out in the Statement of comprehensive income on page 3.

The Company has a shareholders' deficit of £430,000 (2020: £440,000).

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. 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.

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 from 1 January 2012. The Company has continued to manage its loan book since then and all loans have now been repaid or written off. The Company therefore has now ceased to trade and the directors aim to liquidate the Company at the earliest opportunity, once the Payment Protection Insurance ("PPI") liabilities have been settled. Future PPI payments and borrowings are expected to be paid on behalf of the Company by another group company.

Dividends

No dividends were paid or proposed during the year ended 31 December 2021 (2020: £nil).

Going concern

The directors have decided to liquidate the Company and it is expected that the Company will be liquidated at the earliest opportunity. 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' 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 or from the date of appointment in respect of the director who joined 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 had the benefit of this deed of indemnity during that period of service. 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.

Directors' report (continued)

For the year ended 31 December 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). 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, International Accounting Standard 1 requires that directors:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

Statement of disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Independent auditor

Deloitte LLP are deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

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:

R A Jones
Director

19th May 2022

Statement of comprehensive income

For the year ended 31 December 2021

	Note	**2021**	2020
		£'000	£'000
Payment protection insurance credit	10	**-**	19
Impairment gains	3	**13**	17
Profit before tax		**13**	36
Taxation	7	**(3)**	(7)
Profit for the year, being total comprehensive income		**10**	29

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

Balance sheet

As at 31 December 2021

	Note	**2021** **£'000**	2020 £'000
LIABILITIES			
Borrowed funds	9	**377**	336
Provision for liabilities and charges	10	**40**	94
Current tax liability		**10**	7
Deferred tax liability	8	**3**	3
Total liabilities		**430**	440
EQUITY			
Share capital	11	**10**	10
Accumulated losses		**(440)**	(450)
Total equity		**(430)**	(440)
Total equity and liabilities		**-**	-

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:

R A Jones
Director

19th May 2022

Statement of changes in equity

For the year ended 31 December 2021

	Share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2020	**10**	**(479)**	**(469)**
Profit for the year being total comprehensive income	-	29	29
At 31 December 2020	**10**	**(450)**	**(440)**
Profit for the year being total comprehensive income	-	10	10
At 31 December 2021	**10**	**(440)**	**(430)**

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

Cash flow statement

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Cash flows used in operating activities		
Profit before tax	**13**	36
Adjustments for:		
- Decrease in Provision for liabilities and charges	**(54)**	(324)
Cash used in operations	**(41)**	(288)
Tax received	**-**	69
Net cash used in operating activities	**(41)**	(219)
Cash flows generated from financing activities		
Proceeds from net borrowings with group undertakings	**41**	219
Net cash generated from financing activities	**41**	219
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 2021

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 have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). IFRS comprises accounting standards prefixed IFRS issued by 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 2021 (including IFRS 9 Financial Instruments and IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

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 2021 and which have not been applied in preparing these financial statements are given in note 17. No standards have been early adopted.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in pounds sterling, which is the Company's functional and presentational currency.

The financial statements have been prepared on a basis other than going concern as the directors expect to liquidate the Company at the earliest opportunity. There would be no difference to asset values between a going concern basis and a basis other than going concern.

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.

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

1.3 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.

1.4 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.

1.5 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 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.

1. Accounting policies (continued)

1.6 Taxation, including deferred income taxes (continued)

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 other relevant 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.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint arrangements where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

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. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

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.

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 2021 the Company has provided £40,000 (2020: £94,000) against the cost of making redress payments to customers and the related administration costs in relation to the misselling 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.

3. Impairment gains

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
31 December 2021				
Recoveries of Loans and advances previously written off	-	-	**13**	**13**
31 December 2020				
Recoveries of Loans and advances previously written off	-	-	17	17

Notes to the financial statements (continued)

For the year ended 31 December 2021

4. Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £10,000 (2020: £9,500) 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.

5. Staff costs

The Company did not have any employees during the year (2020: none).

6. Directors' emoluments

The directors, who are considered to be key management, received no remuneration in respect of their services to the Company. The emoluments of the directors are paid by a fellow Group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company. The directors are also directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group. Given this, it is not possible to make an accurate apportionment of directors' emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the directors.

7. Taxation

	2021 **£'000**	2020 £'000
a) Analysis of charge/(credit) for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	**3**	7
Tax charge	**3**	7

Corporation tax is calculated at a rate of 19.00% (2020: 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 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:

	2021 **£'000**	2020 £'000
Profit before tax	**13**	36
Tax charge thereon at UK corporation tax rate of 19.00% (2020: 19.00%)	**2**	7
Factors affecting charge:		
- Effect of change in tax rate and related impacts	**1**	-
Tax charge on profit on ordinary activities	**3**	7
Effective rate	**23.08%**	19.44%

Notes to the financial statements (continued)
For the year ended 31 December 2021

8. Deferred tax liability

The movement in the Deferred tax liability is as follows:

	2021	2020
	£'000	£'000
At 1 January	**3**	3
Credit for the year	**-**	-
At 31 December	**3**	3

Deferred tax liability comprises:	**2021**	2020
	£'000	£'000
Other temporary differences	**3**	3

Finance Act 2016 reduced the main rate of corporation tax to 17% with effect from 1 April 2020. This reduction was superseded by 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.

Finance Act 2021, which received Royal Assent on 10 June 2021, increases the rate of corporation tax from 19% to 25% with effect from 1 April 2023.

9. Borrowed funds

	2021	2020
	£'000	£'000
Amounts due to group undertakings (see note 12)	**377**	336

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

10. Provision for liabilities and charges

	PPI Provision
	£'000
At 1 January 2020	418
Charge for the year	(19)
Utilised during the year	(305)
At 31 December 2020	94
Utilised during the year	**(54)**
At 31 December 2021	**40**

As at 31 December 2021, the Company carried a provision of £40,000 (2020: £94,000) against the cost of making redress payments to customers and the related administration costs in relation to the misselling of PPI.

Notes to the financial statements (continued)
For the year ended 31 December 2021

11. Share capital

	2021 £'000	2020 £'000
Allotted, issued and fully paid		
4,999 "A" ordinary shares of £1 each	**5**	5
5,001 "B" ordinary shares of £1 each	**5**	5
	10	10

The "A" ordinary shares carry the right to appoint the chairman of the Company but, in all other respects, rank pari passu with the "B" ordinary shares, including the right to receive all dividends and other distributions declared, made or paid on the ordinary share capital of the Company. The "A" ordinary shares are held by Heidi Finance Holdings (UK) Limited, the "B" ordinary shares are held by Black Horse Group Limited.

12. 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 is set out below:

	2021 £'000	2020 £'000
Amounts due to group undertakings		
Black Horse Limited (see note 9)	**377**	336

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. 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 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 division 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.

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.

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.

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. Financial risk management (continued)

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 contracted capital commitments at the Balance sheet date (2020: £nil).

The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2013 HMRC informed the Group that its interpretation of the UK rules means that the group relief is not available. In 2020, HMRC concluded their enquiry into the matter and issued a closure notice. The Group's interpretation of the rules has not changed and hence it has appealed to the First Tier Tax Tribunal, with a hearing expected in 2022. If the final determination of the matter by the judicial process is that HMRC's position is correct, management estimate that this would result in an increase in current tax liabilities for the company of approximately £2,250,000 (including interest). The Group, having taken appropriate advice, does not consider that this is a case where additional tax will ultimately fall due.

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 2021 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 2022 and in later years (including IFRS 9 Financial Instruments and IAS 37 Provisions, Contingent Liabilities and Contingent Assets).	Annual periods beginning on or after 1 January 2022

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 2021

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 https://www.lloydsbankinggroup.com/investors/financial-downloads.html.

Independent auditors' report to the members of Hyundai Car Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Hyundai Car Finance Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter- Financial statement prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

Independent auditors' report to the members of Hyundai Car Finance Limited (continued)

Auditor's 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 auditor's 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.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditors' report to the members of Hyundai Car Finance Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

L Cowie

Lyn Cowie CA (Senior Statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
Date:- 20 May 2022