

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

FRIDAY



A6LSS6TO

A38

22/12/2017

#442

COMPANIES HOUSE

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

COMPANY INFORMATION

Directors

A R Hill
V P Fandozzi

Company secretary

Linnells Secretarial Services Limited

Registered number

03621123

Registered office

Seacourt Tower
West Way
Oxford
Oxfordshire
OX2 0FB

Independent auditor

James Cowper Kreston
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

CONTENTS

	Page
Group strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 7
Consolidated statement of comprehensive income	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated Statement of cash flows	13
Notes to the financial statements	14 - 26

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The Directors present their strategic report of consumer Finance Acquisitions Co. Ltd (the Company) for the year ended 31 March 2016.

Review of business and future developments

Since 2010, and with the agreement of the secured creditors, the Directors have pursued a strategy of identifying the inherent value in the portfolio, concentrating on collection strategies a, reducing costs and undertaking portfolio sales.

In five transactions on 22nd July 2013, 29th August 2013, 26th September 2013 and 25th February 2014 the residual HP contracts and loan agreements of the company's subsidiaries were sold following competitive auction process.

BCTH continued to provide certain debt administration services to BCT and the SPEs up until the date of sales of the relevant portfolios or the repayment of any indebtedness in the SPEs and executive and management control and infrastructure to the CFAC group of companies. As a result of the portfolio sales business costs have reduced very considerably.

Since 2010 the Directors have managed the companies in the group to realise deferred consideration due to the group, to repay indebtedness and to meet liabilities as they fall due whilst retaining a cash reserve which was calculated as likely to be sufficient to meet known and expected liabilities to third parties on the basis of regulation and guidance in place when the reserve was established. Following the sales in 2013 and 2014 there are no additional funds available from which to establish further reserves. In light of judgement in the Supreme Court on 14 November 2014 in Plevin v Paragon Personal Finance Ltd ("Plevin") customers can now complain about PPI commission. In addition the FCA will be running a marketing campaign commencing 29 August 2017 encouraging PPI customers to complain about mis-selling but also limiting this to a 2 year window. There is therefore a level of uncertainty as to the sufficiency of the reserve. It is not possible to quantify the impact of these activities at this time.

The Directors have considered the fact that the company only has limited resources to meet claims in respect of PPI mis-selling, however taking into consideration the rate of inception of new claims, the impact of the FCA advertising campaign and the requirement to contact a number of previous claimants in accordance with the procedure laid down by the FCA and if the cash resources of the company will be adequate up until September 2019 when, according to FCA rules the company will no longer have to pay claims. Provided the inception of claims remains low as seen in the company's experience to date then the Directors believe it is likely the company will have the cash resources to meet valid claims and that, despite uncertainty, it is in the best interests of creditors and future creditors that the company should continue. The Directors also note that it is highly likely that a reserve amounting to £142,000 held by Cardif Pinnacle will also be largely or wholly released at some time in the period up to September 2019 which will provide additional cash resources to meet claims.

In due course the directors plan to liquidate the company.

Results and dividends

The Group's results for the year was a loss before tax of £180,059 (2016: £270,136). No dividends will be distributed for the year ended 31 March 2017 (2016: £nil).

Outlook

The Company will continue to manage the bank accounts associated with the loan agreements and to administer PPI claims for the foreseeable future, however it no longer owns any agreements or intends issuing any new agreements. Pending the discharge of responsibilities to manage the bank accounts associated with the loan agreements, the directors plan to liquidate the Company.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Financial risk management

The management are of the opinion that, notwithstanding the uncertainty introduced as a result of Plevin and the consequent FCA statement, based on the current level of new PPI claims arising in practice and that provided that the claims remain low, sufficient cash resources exist within the group to fulfil and meet the Company's obligations to third parties as they fall due. The Company has no exposure to interest rate risk.

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

.....
A R Hill
Director

Date: 18/12/17

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Principal activity

The principal activity of the company during the year was that of an intermediate holding company. The group of companies of which it is the head have been engaged in the origination and management of consumer finance contracts, although origination of new HP loans ceased in 2010 due to the conditions of the financial markets at that time. The Group includes a Servicing Company, British Credit Trust Holdings Limited ('BCTH'), several Special Purpose Entity ('SPE') companies which have been used as funding vehicles, and a company British Credit Trust Limited ('BCT') which managed collections of previously originated/acquired loans. Since 2010 the directors have managed the companies in the group to realise the loans of the group companies, to repay their bankers and other secured loans and to meet liabilities as they fall due whilst retaining a cash reserve which is expected to be sufficient to meet known and expected liabilities to third parties.

Directors

The directors set out in the table below have held office during the whole of the period from 1 April 2016 to the date of signing this report unless otherwise stated.

A R Hill
V P Fandozzi

Two of the company's current and former directors, Adrian Hill and Andrew Lee, are party to Long Term Incentive Plan (LTIP) agreements with the Company. No payment was made in the year to 31 March 2017 and it is not envisaged that any payment will be made in subsequent years prior to the winding up of the company.

Results and dividends

The loss for the year, after taxation, amounted to £180,059 (2016 - loss £270,136).

No dividends were paid during the year (2016: £nil).

Going concern

As explained in note 2 to the financial statements, the directors do not believe the going concern basis to be appropriate and that these financial statements have not been prepared on that basis, rather they have been prepared on a break up basis.

Principal risks and uncertainties

The main risk to the group is cash flow risk and being able to meet its liabilities as and when they fall due. The company has retained a cash balance to mitigate this risk to the group, along with its downsizing its operations to reduce its cost base post year end.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

On 26th June 2017 British Credit Trust Finance Limited, a subsidiary undertaking of the group commenced striking off proceedings.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Auditor

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

.....
A R Hill
Director

Date: 18/12/17

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CONSUMER FINANCE ACQUISITIONS CO. LIMITED

We have audited the financial statements of Consumer Finance Acquisitions Co. Limited for the year ended 31 March 2017, set out on pages 8 to 26. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards - Provisions Available for Small Entities, in the following circumstances:

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CONSUMER FINANCE
ACQUISITIONS CO. LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



Alexander Peal BSc(Hons) FCA DChA (senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date: 18 December 2017

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Administrative expenses		(180,107)	(369,223)
Other operating income	4	-	97,883
Operating loss	5	(180,107)	(271,340)
Interest receivable and similar income	10	48	1,204
Loss before taxation		(180,059)	(270,136)
Loss for the financial year		(180,059)	(270,136)
 Total comprehensive income for the year		 (180,059)	 (270,136)
(Loss) for the year attributable to:			
Owners of the parent Company		(180,059)	(270,136)
		(180,059)	(270,136)
 Total comprehensive income for the year attributable to:			
Owners of the parent Company		(180,059)	(270,136)
		(180,059)	(270,136)

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 14 to 26 form part of these financial statements.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED
REGISTERED NUMBER: 03621123

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Current assets			
Debtors: amounts falling due within one year	14	19,731	2,011
Cash at bank and in hand	15	364,418	1,073,079
		<u>384,149</u>	<u>1,075,090</u>
Creditors: amounts falling due within one year	16	(81,920,724)	(82,431,606)
Net current liabilities		<u>(81,536,575)</u>	<u>(81,356,516)</u>
Total assets less current liabilities		<u>(81,536,575)</u>	<u>(81,356,516)</u>
Net liabilities		<u>(81,536,575)</u>	<u>(81,356,516)</u>
Capital and reserves			
Called up share capital		14	14
Share premium account		408,698	408,698
Profit and loss account		(81,945,287)	(81,765,228)
Equity attributable to owners of the parent Company		<u>(81,536,575)</u>	<u>(81,356,516)</u>
		<u>(81,536,575)</u>	<u>(81,356,516)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18/12/17

.....
A R Hill
 Director

The notes on pages 14 to 26 form part of these financial statements.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED
REGISTERED NUMBER: 03621123

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Current assets			
Debtors: amounts falling due within one year	14	72,137	94,507
		<u>72,137</u>	<u>94,507</u>
Creditors: amounts falling due within one year	16	(85,135,268)	(85,135,268)
		<u>(85,135,268)</u>	<u>(85,135,268)</u>
Net current liabilities		(85,063,131)	(85,040,761)
		<u>(85,063,131)</u>	<u>(85,040,761)</u>
Total assets less current liabilities		(85,063,131)	(85,040,761)
		<u>(85,063,131)</u>	<u>(85,040,761)</u>
Net liabilities		(85,063,131)	(85,040,761)
		<u>(85,063,131)</u>	<u>(85,040,761)</u>
Capital and reserves			
Called up share capital		14	14
Share premium account		408,698	408,698
Profit and loss account brought forward		(85,449,473)	(85,449,473)
Loss/(profit) for the year		(22,370)	-
		<u>(85,449,473)</u>	<u>(85,449,473)</u>
Profit and loss account carried forward		(85,471,843)	(85,449,473)
		<u>(85,471,843)</u>	<u>(85,449,473)</u>
		(85,063,131)	(85,040,761)
		<u>(85,063,131)</u>	<u>(85,040,761)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13/12/17

.....
A R Hill
 Director

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 April 2016	14	408,698	(81,765,228)	(81,356,516)	(81,356,516)
Comprehensive income for the year					
Loss for the year	-	-	(180,059)	(180,059)	(180,059)
At 31 March 2017	14	408,698	(81,945,287)	(81,536,575)	(81,536,575)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 April 2015	14	408,698	(81,495,092)	(81,086,380)	(81,086,380)
Comprehensive income for the year					
Loss for the year	-	-	(270,136)	(270,136)	(270,136)
At 31 March 2016	14	408,698	(81,765,228)	(81,356,516)	(81,356,516)

The notes on pages 14 to 26 form part of these financial statements.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	14	408,698	(85,449,473)	(85,040,761)
Comprehensive income for the year				
Loss for the year	-	-	(22,370)	(22,370)
At 31 March 2017	14	408,698	(85,471,843)	(85,063,131)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	14	408,698	(85,449,473)	(85,040,761)
Total comprehensive income for the year				
	-	-	-	-
At 31 March 2016	14	408,698	(85,449,473)	(85,040,761)

The notes on pages 14 to 26 form part of these financial statements.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(180,059)	(270,136)
Adjustments for:		
Interest received	(48)	(1,204)
(Increase)/decrease in debtors	(17,719)	49,800
Decrease/(increase) in amounts owed by groups	-	(107)
(Decrease) in creditors	(81,782)	(983,106)
Net cash generated from operating activities	(279,608)	(1,204,753)
Cash flows from investing activities		
Interest received	48	1,204
Net cash from investing activities	48	1,204
Net (decrease) in cash and cash equivalents	(279,560)	(1,203,549)
Cash and cash equivalents at beginning of year	643,977	1,847,525
Cash and cash equivalents at the end of year	364,417	643,976
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	364,417	1,073,078
Bank overdrafts	-	(429,102)
	364,417	643,976

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

Consumer Finance Acquisitions Limited is a company incorporated in England and Wales, and limited by guarantee.

The Company a holding company for a group which historically provided Hire Purchase Agreements ('HP') motor finance and loan agreements to UK customers. However, the subsidiary companies are no longer trading.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

For the reasons explained below, the financial statements have not been prepared on a going concern basis. No adjustments were necessary to the amounts at which the remaining assets and liabilities are included in these financial statements.

In five transactions on 22nd July 2013, 29th August 2013, 26th September 2013, 31st October 2013 and 25th February 2014 the residual outstanding HP contracts and loan agreements of the company's subsidiaries were sold at prices greater than the net book value.

On 25th February 2014, the group sold the remaining residual outstanding HP contracts and loan agreements. The group will continue to manage the bank accounts associated with the loan agreements on behalf of the purchaser for the foreseeable future, however it no longer owns any agreements or intends issuing any new agreements. Pending the discharge of responsibilities to manage the bank accounts associated with the loan agreements, the directors plan to liquidate the company.

The directors also note the group has net liabilities as at 31 March 2016 of £81m and, based upon known and current expectations of liabilities to third parties, it is unlikely that the loan notes of £82m payable to a subsidiary of Seven Mile Capital Partners Founders Fund, LP, the controlling party of the group, and to a director, will ultimately be capable of being fully repaid.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.4 Turnover and cost of sales

In the opinion of the directors, turnover for the group is most appropriately represented by interest, commissions and fees receivable, excluding value added tax. Similarly, cost of sales is comprised of interest payable and certain costs directly incurred in relation to the origination and collection of receivables on behalf of other group companies. This represents an adaptation of the profit and loss account formation contained in schedule 1 to SI 2008/410 due to the special nature of the group's business.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.8 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

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

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made.

2.12 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.13 Taxation

Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions made by the company and the risk of material adjustments has been carefully considered to ensure compliance with the requirements under FRS 102.

The most significant estimate made by management relates to potential Payment Protection Insurance (PPI) liabilities that may arise. The accounts include a provision for such amounts based on management's best estimate of future claims by previous customers of the business.

4. Other operating income

	2017 £	2016 £
Adjustment in respect of VAT	-	97,883
	-	97,883

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Defined contribution pension cost	<u>2,880</u>	<u>2,880</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>5,300</u>	<u>5,000</u>
	5,300	5,000
Fees payable to the Group's auditor and its associates in respect of:		
Preparation of year end financial statements	4,200	5,500
Corporation tax compliance services	<u>2,500</u>	<u>2,500</u>
	<u>6,700</u>	<u>8,000</u>

7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	79,713	125,138
Social security costs	7,111	9,295
Cost of defined contribution scheme	<u>2,880</u>	<u>2,880</u>
	<u>89,704</u>	<u>137,313</u>

8. Directors' remuneration

Two of the company's current and former directors, Adrian Hill and Andrew Lee, are party to Long Term Incentive Plan (LTIP) agreements with the company. Payments under the LTIP agreements are based on the amount of cash recovered within the Consumer Finance Acquisitions Co. Limited group and available for payment to the company's parent, Seven Mile Capital Partners Founders Fund, LP, as repayment of shareholders loans or by way of distribution. Amounts only become due under the LTIP agreements where such cash received by Seven Mile Capital Partners Founders Fund, LP, exceeds £10m. The amounts paid in the year to 31 March 2017 under the LTIP agreement were £nil (2016: £nil).

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. Pension costs

The group operates a defined contribution pension scheme for all employees within the company. The assets of the schemes are held separately from those of the group in independently administered funds. Contributions payable by the company during the year amounted to £2,880 (2016: £2,880) and have been recognised in the profit and loss account. As at the balance sheet date, contributions amounting to £240 (2016: £240) had not been paid over to the funds and are included within creditors.

10. Interest receivable

	2017	2016
	£	£
Other interest receivable	48	1,204
	<u>48</u>	<u>1,204</u>

11. Taxation

	2017	2016
	£	£
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(180,059)</u>	<u>(270,136)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(36,012)	(54,027)
Effects of:		
Expenses not deductible for tax purposes	-	50,917
Capital allowances for year in excess of depreciation	-	(76,901)
Other timing differences leading to an increase (decrease) in taxation	-	206
Unrelieved tax losses carried forward	36,012	79,805
Total tax charge for the year	<u>-</u>	<u>-</u>

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £22,370 (2016 - profit £NIL).

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. Fixed asset investments

Group

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2016	139,020,278
At 31 March 2017	139,020,278
Impairment	
At 1 April 2016	139,020,278
At 31 March 2017	139,020,278
At 31 March 2017	-

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The company's subsidiary British Credit Trust Limited has recognised an impairment of the intercompany debt owed to it by Consumer Finance Acquisitions Co. Limited for accounting purposes, on the basis that insufficient assets remain in the group to repay the debt in full. However, the intention of the directors and the shareholders is to effect an orderly wind down of the business of the company and its subsidiaries, meeting all third party liabilities as they fall due. On various dates between 1999 and 2010, the company and British Credit Trust Limited have granted security over their assets in favour of the creditors of the company and British Credit Trust Limited under the warehouse debt and other facilities which remain in force. The group retains a cash reserve to meet known and expected liabilities to third parties. To the extent that insufficient assets are available to repay debt owed to shareholders in full, it is the expectation of the directors and the shareholders that such excess amounts will be waived or capitalised to enable a solvent liquidation of the group in due course provided the case reserves in the business are sufficient to meet all known and future liabilities to third parties as they fall due. Some uncertainty has arisen regarding the adequacy of this cash reserve following the Plevin judgement in the Supreme Court and a consequent statement from the FCA proposing the introduction of new rules (the form of which is not yet finalised) on its application.

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
British Credit Trust Holdings Limited	Ordinary	100 %	No longer trading

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. Fixed asset investments (continued)

Indirect Subsidiary undertakings

British Credit Trust Holdings is also the holding company of a group of unlisted companies, details are as follows:

Name	Class of shares	Holding	Principal activity
British Credit Trust Limited	Ordinary	100 %	No longer trading
British Credit Trust Finance Limited	Ordinary	100 %	No longer trading

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
British Credit Trust Holdings Limited	(3,436,196)	(188,463)
British Credit Trust Limited	(20,212,330)	(227,176)
British Credit Trust Finance Limited	2	-
	<u>(23,648,524)</u>	<u>(415,639)</u>

14. Debtors

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Trade debtors	3,000	2,000	-	-
Amounts owed by group undertakings	-	-	59,506	94,496
Other debtors	4,111	11	11	11
Prepayments and accrued income	12,620	-	12,620	-
	<u>19,731</u>	<u>2,011</u>	<u>72,137</u>	<u>94,507</u>

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	364,417	1,073,078	-	-
Less: bank overdrafts	-	(429,102)	-	-
	364,417	643,976	-	-

16. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	-	429,102	-	-
Trade creditors	712	712	-	-
Amounts owed to group undertakings	81,706,657	81,706,655	85,135,268	85,135,268
Accruals and deferred income	213,355	295,137	-	-
	81,920,724	82,431,606	85,135,268	85,135,268

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

17. Loans

An analysis of the maturity of loans is given below:

These loans represent:

£20,269,884 owed by British Credit Trust Limited under a warehouse facility agreement originally entered into between Nikko Europe Plc and British Credit Trust Limited on 4 September 1998;

Adrian Hill a director of the company acquired 20% and Seven Mile Capital Partners Founders Fund, LP acquired 80% of the benefit of the sums due under the above warehouse agreement in 2011.

On various dates between 1998 and 2010 the company and various subsidiaries entered into fixed and floating charges over the assets via debentures.

These loans represent:

£61,436,770 owed by the company under the above loan note facility following the assumption by it of part of the British Credit Trust Limited's liabilities thereunder pursuant to a novation agreement dated 2 February 2010.

Adrian Hill a director of the company acquired 20% and Seven Mile Capital Partners Founders Fund, LP acquired 80% of the benefit of the sums due under the above warehouse agreement in 2011, together with the benefit of sums due from the company under certain note issuances facilities which have since been repaid in full by the company.

Loan balances are interest free and repayable on demand. A prior year reclassification has been made to reclassify these balances from non-current to current liabilities.

18. Deferred taxation

	2017 £	2016 £
Group		
Excess of book depreciation over tax allowances	271,308	354,556
Corporation tax losses carried forward	10,229,665	10,748,065
	<u>10,500,973</u>	<u>11,102,621</u>
	2017 £	2016 £
Company		
Corporation tax losses carried forward	261,717	277,112
	<u>261,717</u>	<u>277,112</u>

The potential deferred tax asset has not been recognised on the grounds that there is presently insufficient evidence to suggest that the asset is more likely than not to be recovered for the foreseeable future based on the current economic outlook.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The movement in the unrecognised deferred tax asset during the year is as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Unrecognised deferred tax asset at the beginning of year	11,102,621	11,927,001	277,112	323,298
Net utilisation of tax losses in the year	78,715	79,805	-	-
Impact of tax rate change	(616,812)	(1,282,232)	(15,395)	(30,790)
Adjustment in respect of prior period	-	455,034	-	(15,396)
Excess of tax allowances over depreciation	(63,551)	(76,987)	-	-
Unrecognised deferred tax asset at year end	10,500,973	11,102,621	261,717	277,112

19. Share capital

	2017 £	2016 £
Authorised		
150 Ordinary 'A' shares of £0.01 each	1	1
2,000,850 Ordinary 'B' shares of £0.001 each	20,009	20,009
90 Ordinary 'C1' shares of £0.01 each	1	1
160 Ordinary 'C2' shares of £0.01 each	2	2
	20,013	20,013
	2017 £	2016 £
Allotted, called up and fully paid		
150 Ordinary 'A' shares of £0.01 each	1	1
985 Ordinary 'B' shares of £0.01 each	10	10
90 Ordinary 'C1' shares of £0.01 each	1	1
160 Ordinary 'C2' shares of £0.01 each	2	2
	14	14

The 250 class 'C' ordinary shares of £0.01 nominal value rank pari passu with class 'A' and 'B' ordinary shares. The 'C' shares do not entitle the holders thereof to attend or vote at general meetings of the company.

C1 shares and C2 shares have the same rights and restrictions save in respect of entitlement to income and capital on exit by reason of ratchet provisions. C1 and C2 shares respectively have 6.5% and 11.5% base case entitlement to exit proceeds. Conditional upon a return for Seven Mile Capital Partners Founders Fund, LP, being triggered by reason of the ratchet provision in the articles, the base case entitlement of the C shares economic entitlement will be enhanced: C1 and C2 shares to 15% and 17.66% respectively of any excess value over the return hurdle.

At 31 March 2017 Seven Mile Capital Partners Founders Fund, LP, held warrants to subscribe for ordinary shares in the company.

CONSUMER FINANCE ACQUISITIONS CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

20. Post balance sheet events

On 26th June 2017 British Credit Trust Finance Limited, a subsidiary undertaking of the group commenced striking off proceedings.

21. Ultimate parent undertaking and controlling party

Following a transaction which closed on 30 September 2011, the entire issued share capital of Consumer Finance Acquisitions Co. Limited was acquired by Seven Mile Capital Partners Founders Fund, LP a limited partnership established in Delaware which is now the immediate and ultimate parent undertaking.

These financial statements are the smallest and largest group including the results of the company.