

REGISTERED NUMBER: 05989065

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
FOR
AOZORA GMAC INVESTMENT LIMITED

SATURDAY



AABUTFRF

A08

28/08/2021

#170

COMPANIES HOUSE

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditor	6
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

AOZORA GMAC INVESTMENT LIMITED

COMPANY INFORMATION
for the year ended 31 March 2021

DIRECTORS:

A Sakai
M Onuma

SECRETARY:

TMF Corporate Administration Services Limited

REGISTERED OFFICE:

c/o TMF Group
8th Floor
20 Farringdon Street
London
EC4A 4AB

REGISTERED NUMBER:

05989065

AUDITOR:

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

STRATEGIC REPORT
for the year ended 31 March 2021

The directors present their strategic report and audited financial statements for Aozora GMAC Investment Limited for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

Aozora GMAC Investment Limited ("the Company") was established with the objective of investing in GMAC through Aozora Investment Inc. and Aozora Investments LLC.

The Company's principal activity is to participate in the litigation with the HMRC over the UK Corporation tax returns for the years ended 31 March 2007, 2008 and 2009.

REVIEW OF BUSINESS

The directors do not anticipate that the business of the Company will change in the foreseeable future. The directors are satisfied with the position and performance of the Company.

The profit and loss account is set out on page 9 of the financial statements. For the year ended 31 March 2021, the loss for the year before taxation, which is considered to be the key performance indicator for the business was a loss of \$108,024 (2020: a loss of \$565,836).

The net assets of the Company at the end of the year were \$59,247,135 (2020: \$59,355,159) as shown on page 10.

The directors do not recommend the payment of a dividend (2020: \$nil)

PRINCIPAL RISKS AND UNCERTAINTIES

Market credit and operational risk

The directors are of the opinion that the Company is not exposed to material market risk. They also consider that there is little exposure to credit risk with the exception of a debtor due from HMRC which would not be recoverable should the Company not be successful in its litigation with HMRC.

The Company is subject to operational risks in the ordinary course of business, such as errors in data processing or outsourcing procedures. However, the directors are of the opinion that the operational risks are limited due to the extremely low volume of transactions.

Liquidity and cash flow risk

Surplus cash is deposited as cash at bank with Aozora Bank, Ltd. The directors are of the opinion that the Company is, in substance, not exposed to liquidity risk as the main financial instruments that the Company holds is cash at bank which is held with parent company and therefore there is limited liquidity and cash flow risk.

Foreign exchange risk

Although the Company has assets and liabilities in non-functional currencies, more than 90% of the Company's assets are in its reporting currency USD, and more than 90% of the Company's liabilities are also in USD. Therefore, the directors are of the opinion that the Company's exposure to foreign currency risk is maintained at a low level, while this risk is monitored by regular review of balance sheet by currency.

Contingent liabilities

The Company has a disagreement with the UK taxation authorities regarding the availability of foreign tax credits on interest income received from its overseas subsidiary between 2007 and 2009.

On 12 April 2021, the Company received the decision notice from the First Tier Tribunal that they were successful in their appeal against the HMRC's decision to prevent double tax relief being taken. However, on 23 July 2021, HMRC received permission to appeal the decision to the Upper Tribunal and hence the litigation is still on-going.

The Company considers that it is more likely than not that the Company defends its position. Therefore, the Company is exposed to a contingent liability of \$7.6 million at the best estimation (please see note 13).

FUTURE DEVELOPMENTS

The directors do not anticipate that the business of the Company will change in the foreseeable future.

STRATEGIC REPORT
for the year ended 31 March 2021

OTHER MATTERS

The directors consider that the year- end financial position was satisfactory and do not anticipate any significant change in activities in the forthcoming year. There has been a global outbreak of a coronavirus disease (COVID-19) which has widespread disruptions to financial markets and normal pattern of activities across the world. Given the nature of the Company, the directors do not believe that this has had a material impact and would not expect a material impact in the future on the activities of the Company.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:

酒井 朗

.....
A Sakai - Director

Date: 2021.8.26
.....

AOZORA GMAC INVESTMENT LIMITED (REGISTERED NUMBER: 05989065)

REPORT OF THE DIRECTORS
for the year ended 31 March 2021

The directors present their report with the financial statements of the Company and auditor's report for the year ended 31 March 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

A Sakai
M Onuma

GOING CONCERN

As disclosed in the strategic report the nature of the Company means that the directors do not expect COVID-19 to impact the activities of the Company, and the Company has a net current asset position of \$59,247,135 (2020: \$59,355,159). After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIVIDENDS

The directors do not recommend the payment of a dividend in the year ended 31 March 2021 (2020: \$Nil).

FUTURE DEVELOPMENTS IN THE BUSINESS

Having considered the impact of COVID-19 and Brexit, the directors do not envisage any change in the activities of the Company in the foreseeable future since the entity does not trade.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors, 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE DIRECTORS
for the year ended 31 March 2021

EVENTS SINCE THE END OF THE YEAR

Post year end developments in the on-going litigation with HMRC are set out in the contingent liabilities section of the Strategic Report.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
 - the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
- This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:

酒井 朝

.....
A Sakai - Director

Date: 2021.8.26
.....

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AOZORA GMAC INVESTMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Aozora GMAC Investments Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF **AOZORA GMAC INVESTMENT LIMITED**

Responsibilities of directors

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, 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.

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 their 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 frameworks 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 the UK Companies Act and 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. It included Anti-Money Laundering Directive.

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

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

There is a risk of fraud in respect of inappropriate accounting treatment and disclosure of the litigation with HMRC, including the completeness of tax litigation provision, the recoverability of the debtor due from HMRC, and the disclosure of a contingent liability in the financial statements.

The specific procedures performed included:

- Making enquiries of management and scrutinising the latest legal pronouncements to understand the progress and likely outcome of the litigation;
- Involving our tax specialists to consider the relevant tax legislation; and
- Receiving written confirmation from third party legal counsel around the likely outcome of the litigation.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AOZORA GMAC INVESTMENT LIMITED

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 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

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 has 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:

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

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.



Christopher Mather FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: ...26.August.2021.....

AOZORA GMAC INVESTMENT LIMITED (REGISTERED NUMBER: 05989065)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Note	2021 \$	2020 \$
TURNOVER		-	-
Administrative expenses		<u>(376,396)</u>	<u>(378,792)</u>
		(376,396)	(378,792)
Other income / (expenses)	3	<u>268,372</u>	<u>(187,044)</u>
OPERATING LOSS and LOSS BEFORE TAXATION		(108,024)	(565,836)
Tax on loss	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(108,024)</u>	<u>(565,836)</u>

The results shown in the profit and loss account derive wholly from continuing operations.

The notes form part of these financial statements

AOZORA GMAC INVESTMENT LIMITED (REGISTERED NUMBER: 05989065)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Debtors	7	1,811,469	1,617,914
Cash at bank	8	<u>57,512,223</u>	<u>57,820,371</u>
		59,323,692	59,438,285
CREDITORS			
Amounts falling due within one year	9	<u>(76,557)</u>	<u>(83,126)</u>
NET CURRENT ASSETS		<u>59,247,135</u>	<u>59,355,159</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u>59,247,135</u>	<u>59,355,159</u>
CAPITAL AND RESERVES			
Called up share capital	10	30,070,453	30,070,453
Retained earnings	11	<u>29,176,682</u>	<u>29,284,706</u>
SHAREHOLDERS' FUNDS		<u>59,247,135</u>	<u>59,355,159</u>

The financial statements of Aozora GMAC Investment Limited were approved by the Board of Directors and authorised for issue on 26 August 2021 and were signed on its behalf by:

酒井 朗
A Sakai - Director

The notes form part of these financial statements

AOZORA GMAC INVESTMENT LIMITED (REGISTERED NUMBER: 05989065)

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021

	Called up share capital \$	Retained earnings \$	Total equity \$
Balance at 1 April 2019	30,070,453	29,850,542	59,920,995
Changes in equity			
Total comprehensive income	-	(565,836)	(565,836)
Balance at 31 March 2020	<u>30,070,453</u>	<u>29,284,706</u>	<u>59,355,159</u>
Changes in equity			
Total comprehensive income	-	(108,024)	(108,024)
Balance at 31 March 2021	<u>30,070,453</u>	<u>29,176,682</u>	<u>59,247,135</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

1. STATUTORY INFORMATION

Aozora GMAC Investment Limited ("the Company") is a private limited company, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales, registration number 05989065. The address of its registered office is c/o TMF Group, 8th floor, 20 Farringdon Street, London, EC4A 4AB.

The Company was established with the objective of investing in GMAC through Aozora Investment Inc. and Aozora Investments LLC.

The Company exists only for the litigation with the HMRC over the UK Corporation returns for the years ended 31 March 2007, 2008 and 2009.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the amended Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The functional currency of the Company was considered by reference to FRS 102 Section 30. The functional currency is considered to be US dollars because the majority of finance was raised in US dollars. The primary indicators in section 30 of FRS 102 are not relevant for AGMAC as the Company does not undertake any revenue generating activities. The presentation currency of the financial statements is also US dollars.

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

Exemption of company statement of cash flow

The Company has taken advantage of the exemption, under the terms of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1, not to disclose the company statement of cash flows. The Company is a qualifying entity under FRS 102, as 100% of the voting rights are controlled within Aozora Bank, Ltd. group and as the ultimate parent undertaking, Aozora Bank, Ltd., prepares publicly available consolidated financial statements, including the Company.

Related party exemptions

The Company has taken advantage of an exemption, under the terms of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 33, not to disclose related party transactions with wholly owned subsidiaries.

Going concern

The directors consider that given the nature of the Company's business, COVID-19 does not have a significant impact. The Company has no third party borrowing and has ample cash to satisfy all expected outflows that will fall due. The Company also has sufficient resources to settle the amounts due to HMRC should the Company not successfully defend its position in the on-going litigation (see note 13). Consequently, the directors have a reasonable expectation that the Company has adequate resources for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Taxation

Current UK tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets are not discounted.

Cash at bank

Cash at bank include cash at bank accounts of Aozora Bank, Ltd.

Debtors

Debtors consist of amounts receivable from corporation tax measured at the amount expected to be recovered from HMRC.

Creditors

Trade and other creditors are measured at amortized cost. Accrued expenses are recognised when the amount can be measured reliably.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. Non-monetary assets and liabilities are recorded at the historic exchange rate used on their initial recognition. All exchange differences are included in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of accounting policies of the Company, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

a. Critical accounting judgements

No provisions have been made in respect of the dispute with the HMRC since the Company considers it is more likely than not that the Company defends its position (please see note 13).

b. Key source of estimation uncertainty- estimation of contingent liability

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The Company is in dispute with the UK taxation authorities regarding the availability of foreign tax credits on interest income received from its overseas subsidiary between 2007 and 2009. Estimation of a contingent liability requires estimation of additional tax charges in the future should the Company be unsuccessful in its case, which included an estimate of the interest amounts relevant to overdue tax payments. The amount of contingent liability was \$7.6 million at the best estimate and disclosed in note 13.

3. OTHER INCOME / (EXPENSES)

Other expenses relate to net foreign exchange gains (losses) from the revaluation of the sterling debtors (note 7), the creditors (note 9) outstanding with the tax authority.

4. TAX ON LOSS

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2021 nor for the year ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021**4. TAX ON LOSS - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2021 \$	2020 \$
Loss before tax	<u>(108,024)</u>	<u>(565,836)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(20,525)	(107,509)
Effects of:		
Expenses not deductible for tax purposes	(36,558)	19,272
Effects of group relief/other reliefs	-	88,237
Change in deferred tax not recognized	<u>57,083</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. Substantive enactment of the 19% rate for UK GAAP and IFRS purposes occurred on 17 March 2020. The March 2021 Budget announced an increase in corporation tax rate to 25% from 1 April 2023 but this has not been substantively enacted at balance sheet date of 31 March 2021, and therefore it did not affect the calculation for this period.

During the year beginning 1 April 2020, the net reversal of deferred tax assets and liabilities is expected to be \$nil. This is due to the fact that no deferred tax assets or liabilities have been recognised by the Company.

DEFERRED TAX ASSET

A total deferred tax asset of \$379,240 (2020:\$322,157) made up of tax losses carried forward has not been recognised as recoverability is uncertain.

5. PROFIT BEFORE TAXATION

	2021 \$	2020 \$
Loss / Profit on ordinary activities before taxation is after charging:		
Fee to the Company's auditor for the audit of the Company's annual accounts	<u>45,786</u>	<u>39,673</u>
Fee to the Company's auditor and their associates for taxation compliance services:	<u>16,506</u>	<u>16,293</u>
Fee to the Company's auditor and their associates for other taxation advisory services:	<u>75,479</u>	<u>158,143</u>

AOZORA GMAC INVESTMENT LIMITED (REGISTERED NUMBER: 05989065)**NOTES TO THE FINANCIAL STATEMENTS - continued**
for the year ended 31 March 2021**6. STAFF COSTS**

There were no employees of the Company during the year or previous year.

No director's remuneration was paid in the current and the preceding year. The director's remuneration is paid by Aozora Bank, Ltd. for their services to Aozora Bank Group as a whole and the amount of their remuneration apportioned was nil (2020: \$nil).

7. DEBTORS:

	2021 \$	2020 \$
Amounts falling due within one year		
Other debtors	<u>1,144</u>	<u>-</u>
Amounts falling due after more than one year		
UK tax reclaimable	<u>1,810,325</u>	<u>1,617,914</u>

8. CASH AT BANK

	2021 \$	2020 \$
Cash at bank	<u>57,512,223</u>	<u>57,820,371</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 \$	2020 \$
Other creditors	<u>76,557</u>	<u>83,126</u>

10. CALLED UP SHARE CAPITAL

	2021 \$	2020 \$
Authorised: 550,000,000 ordinary shares of \$1 each	<u>550,000,000</u>	<u>550,000,000</u>
Allotted, called up and fully paid 30,070,453 ordinary shares of \$1 each	<u>30,070,453</u>	<u>30,070,453</u>

11. RESERVES

	Retained earnings \$
At 1 April 2020	29,284,706
Loss for the year	<u>(108,024)</u>
At 31 March 2021	<u>29,176,682</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

12. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING PARTY

The Company's controlling party and immediate and ultimate parent company is Aozora Bank, Ltd., a company incorporated in Japan and listed on the Tokyo Stock Exchange. Copies of the financial statements of Aozora Bank, Ltd. are available from 6-1-1, Kojimachi, Chiyoda-ku, Tokyo 102-8660, Japan.

13. CONTINGENT LIABILITIES

The Company is currently in dispute with the HMRC over the UK corporation tax returns for the years ended 31 March 2007, 2008 and 2009 as the Company believes that it is entitled to double tax relief on the interest receivable. The matter is now subject to litigation between the two parties.

On 12 April 2021, the Company received the decision notice from the First Tier Tribunal that they were successful in their appeal against the HMRC's decision to prevent double tax relief being taken. However, on 23 July 2021, HMRC received permission to appeal the decision to the Upper Tribunal and hence the litigation is still on-going

The availability of foreign tax credits on interest income received from its overseas subsidiary between 2007 and 2009 remains uncertain. Depending on the outcome the Company could be liable for up to approximately \$7.6 million while the timing of the outcome is uncertain. The amount represents the additional maximum tax expense that could occur, including the interest on overdue tax related to 2007 to 2009. The additional \$7.6 million (2020: \$6.7 million) expense includes a write-off of the debtor for UK Tax reclaimable of \$1.8 million (2020: \$1.6 million) as disclosed in Note 7.

No provisions have been made in the financial statements since the Company considers that it is more likely than not that the Company defends its position.

14. POST BALANCE SHEET EVENTS

Post balance sheet events in respect of the on-going litigation with HMRC are set out in the contingent liabilities within note 13. There were no significant non-adjusting events after the reporting period to be disclosed other than that disclosed in note 13.