VEHICLE STOCKING LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2019

Registered number: 07380405

Contents

VEHICLE STOCKING LIMITED

Officers and professional advisors

Director	P Behrens
Company Number	07380405
Registered office	No 1 The Osiers Business Centre Leicester LE19 1DX
Independent auditor	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

Director's report

The director presents the annual report and audited financial statements of Vehicle Stocking Limited ("the Company"), a private company limited by shares which is domiciled and incorporated in the United Kingdom, for the year ended 31 March 2019.

Principal Activity

The principal activity of the Company throughout the year was the management of the run-off of the Company's loan portfolio. In prior years, the Company provided finance to the motor trade however no new loans were originated in the current financial year with all new business originating via the RateSetter platform. In addition to its principal activity, the Company receives commissions associated with the performance of the RateSetter Group's motor finance business.

Dividend

The director does not propose a dividend in respect of the year ended 31 March 2019 (2018: £nil).

Directors

The directors of the Company who each served during the year and up to the date of this report (unless stated) were:

P Behrens
J Hodge (resigned 26/03/2019)

Auditor

The director has confirmed that:

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

Ernst & Young LLP have expressed their willingness to continue as auditor.

Future Developments

At the time of this report, the Company is no longer entering into new finance arrangements with customers and it's priority is the orderly run-off of the existing loan portfolio.

Going concern

At 31 March 2019 the Company had net liabilities of £5.8m, primarily due to loans and borrowings of £5.8m. Due to slower growth of the motor finance business, the Company has moved the final repayment date on the loans and borrowings to August 2024 (previously August 2022) as explained in Note 12. Since the year-end, the Company entered into a commission arrangement with its ultimate parent company, Retail Money Market Ltd, which entitles the Company to receive commissions generated by the RateSetter Group's motor finance business. The Company forecasts show it will generate sufficient cash, through the receipt of commissions and support from its ultimate parent company if required, to meet its liabilities as they fall due.

The director notes that the receipt of any future commissions, and financial support if required, is contingent on the ultimate parent company achieving its business plans. The director has no reason to believe that the ultimate parent company's business plans will not be achieved but given the current market conditions, there is a risk that the future expected commission levels will not be sufficient to cover the loan repayments. Consequently, a material uncertainty exists that casts significant doubt upon the ability of the Company to continue as a going concern.

Having considered the risks and uncertainties to which the business is exposed, the director considers that the business will have sufficient financial resources to meet its obligations for the foreseeable future (being a period of at least twelve months from the date of this report). As a result, the financial statements have been produced on a going concern basis and do not contain any adjustments that would result if the Company was unable to continue as a going concern.

The Company is entitled to small companies' exemption in relation to the Strategic Report as it would be entitled to prepare accounts for the year in accordance with the small companies' regime but for having been a member of an ineligible group.

This report has been approved by the Board and signed on behalf of the Board by:

P Behrens
Director
19 December 2019

Director's responsibilities statement

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the comprehensive income of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that the director:

- selects suitable accounting policies and then applies them consistently;
- makes judgments and accounting estimates that are reasonable and prudent;
- presents information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provides additional disclosures when compliance with the accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and performance; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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. He is 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.

Under applicable law and regulations, the director is also responsible for preparing a Director's report that complies with that law.

VEHICLE STOCKING LIMITED

Independent auditor's report

Opinion

We have audited the financial statements of Vehicle Stocking Limited ('the Company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of changes in equity, statement of financial position, and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2019 and of its 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.

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 below. 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 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.

Material uncertainty related to going concern

We draw attention to Note 2 of the financial statements, which states that the Company has net liabilities of £5.8m. The Director notes that the receipt of any future commissions, and financial support if required, is contingent on the ultimate parent company achieving its business plans and that due to current market conditions in the motor finance business, there is a risk that the future expected commission levels will not be sufficient to cover the loan repayments and consequently, a material uncertainty exists that casts significant doubt upon the ability of the Company to continue as a 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 director is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Director's report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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; or
- the director was not entitled to take advantage of the small companies' exemption from preparing a Strategic report.

Responsibilities of directors

As explained more fully in the Director's responsibilities statement on page 3, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or has 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 Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Ernst & Young LLP

Andy Blackmore (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Bristol, United Kingdom
20 December 2019

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Statement of comprehensive income for the year ended 31 March 2019

	Note	2019 £	2018 £
Revenue		169,465	2,278,784
Finance costs		(434,606)	(836,329)
Cost of sales		(15,596)	(147,757)
Gross (loss) / profit		(280,737)	1,294,698
Administrative expenses		(628,071)	(1,868,766)
Movement in loss allowance for loans receivable		233,973	(1,049,683)
Reversal of provision		82,987	402,889
Impairment losses		-	(10,277)
Operating loss	6	(591,848)	(1,231,139)
Interest receivable		24	1,153
Loss before taxation		(591,824)	(1,229,986)
Tax charge	7	-	(53,358)
Total comprehensive loss for the year		(591,824)	(1,283,344)

The notes on pages 9 to 17 form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2019

	Share capital £	Capital contribution £	Retained losses £	Total £
At 1 April 2017	3,000,100	-	(8,620,959)	(5,620,859)
Loss for the year	-	-	(1,283,344)	(1,283,344)
Capital contribution (loan forgiveness)	-	-	607,367	607,367
At 31 March 2018 *restated*	**3,000,100**	**-**	**(9,296,936)**	**(6,296,836)**
Capital contribution	-	1,104,280	-	1,104,280
Loss for the year	-	-	(591,824)	(591,824)
At 31 March 2019	**3,000,100**	**1,104,280**	**(9,888,760)**	**(5,784,380)**

The notes on pages 9 to 17 form part of these financial statements.

VEHICLE STOCKING LIMITED

Statement of financial position as at 31 March 2019

	Notes	2019	2018
		£	£
Non-current assets			
Property, plant and equipment	8	3,050	34,681
		3,050	34,681
Current assets			
Stock	9	-	108,178
Trade and other receivables	10	1,328,698	2,588,693
Cash and cash equivalents		71,222	323,703
		1,399,920	3,020,574
Total assets		**1,402,970**	**3,055,255**
Current liabilities			
Trade and other payables	11	(924,263)	(1,112,251)
Loans & borrowings	12	(1,661,447)	(1,893,766)
Provisions	13	(425,748)	(508,735)
		(3,011,458)	(3,514,752)
Non-current liabilities			
Loans & borrowings	12	(4,175,892)	(5,837,339)
		(4,175,892)	(5,837,339)
Total liabilities		**(7,187,350)**	**(9,352,091)**
Net liabilities		**(5,784,380)**	**(6,296,836)**
Capital and reserves			
Share capital	14	3,000,100	3,000,100
Capital contribution		1,104,280	-
Retained losses		(9,888,760)	(9,296,936)
Equity shareholders' deficit		**(5,784,380)**	**(6,296,836)**

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 19 December 2019 by:

P Behrens
Director

Registration Number: 07380405

The notes on pages 9 to 17 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Company has taken advantage of the disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking, Retail Money Market Ltd, was notified of, and did not object to, the use of any disclosure exemptions.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of IFRS 7 Financial Instruments: Disclosures,
b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
d) the requirements of paragraphs 10(d), 10(f), 38(a-d), 40(a-d) and 134-136 of IAS 1 Presentation of Financial Statements;
e) the requirements of IAS 7 Statement of Cash Flows; and
f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Company's presentational currency is pound sterling ("£"). The functional currency of the Company is also pound sterling on the basis that it is the pricing currency in which the transactions of the Company are conducted.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions change. Management believe that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The Company is entitled to the small companies' exemption in relation to the Strategic Report as it would be entitled to prepare accounts for the year in accordance with the small companies' regime but for having been a member of an ineligible group.

The financial statements have been prepared on a going concern basis under the historical cost convention.

1.2 Changes in accounting policy and disclosures

New and amended standards issued, effective and adopted by the Company

The Company has adopted IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contracts with customers) with effect from 1 April 2018. There has not been a material impact to the Company resulting from the adoption of these new standards.

IFRS 9 (Financial instruments)

The Company has adopted IFRS 9, as issued by the IASB in July 2014, with a date of transition of 1 April 2018, which has resulted in changes in the Company's accounting policies and financial statement disclosure requirements. The Company did not early adopt IFRS 9 and as permitted by the transitional provisions of IFRS 9, elected not to restate comparative figures, which continue to be reported under IAS 39. A summary of the financial impact arising from the adoption of IFRS 9 has been provided in this note.

Classification and measurement

To determine the classification of each financial instrument under IFRS 9 the Company has assessed both the business model for managing each financial instrument and the cashflow characteristics of each instrument. There were no changes to the classification or measurement of financial assets or liabilities.

Impairment of financial assets

The adoption of IFRS 9 required a change in the Company's accounting policy for impairing financial assets. The amended policy requires the calculation of a loss allowance for each financial asset with IAS 39's incurred loss approach being replaced by a forward-looking expected credit loss (ECL) methodology. There was no adjustment for loss allowance following the adoption of IFRS 9.

1. **Accounting policies (continued)**

IFRS 15 (Revenue from contracts with customers)

IFRS 15 was issued in 2014 and was endorsed by the EU in 2016. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue.

IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers and introduces new guidance on, amongst other areas, combining contracts, discounts, variable consideration and contract modifications. It requires that certain costs incurred in obtaining and fulfilling customer contracts be deferred on the balance sheet and amortised over the period an entity expects to benefit from the customer relationship.

The revenue policy of the Company is already consistent with IFRS 15 therefore management has assessed that the implementation of IFRS 15 has not resulted in any impact to revenue.

1.3 Summary of accounting policies

Revenue

Revenue represents interest and fee income on loan receivables held at amortised cost which is recognised using the effective interest method which allocates interest and fees over the expected lives of the assets in the normal course of business and is shown net of VAT and other sales related taxes.

The effective interest rate method requires the Company to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the loan receivables.

Finance costs

Finance costs comprise interest arising on loans and borrowings measured at amortised cost using the effective interest method.

Cost of sales

Cost of sales comprise fees associated with the transportation, storage and repair of repossessed vehicles, as well as stock check fees and credit costs incurred when providing hire purchase finance to customers. Costs are recognised on an accruals basis.

Administrative expenses

Administrative expenses comprise office costs, marketing, professional costs, depreciation of assets used for administrative purposes, and other costs. All costs are recognised on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents include short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon the estimated selling prices less any cost of disposal. Provision is made for obsolete and slow-moving stock.

Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is recognised to write off the cost or valuation of assets, less their residual values, over their useful lives on the following bases:

Motor vehicles - 30% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1. Accounting policies (continued)

Impairment of fixed assets

The recoverable value of a fixed asset is the higher of its fair value less any costs to sell, and the value in use. In assessing an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable value of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable value. An impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
All financial assets are recognised initially at fair value plus any transaction costs that are attributable to the acquisition of the financial asset, with the exception of assets valued at fair value where transactions costs are expensed through the statement of comprehensive income. Following an assessment of the business model for managing the financial assets and the contractual terms of the cashflows, the Company classifies its financial assets, at initial recognition and for subsequent measurement, as financial assets at amortised cost.

Amortised cost
Assets that are held for the collection of contractual cashflows, where the cashflows represent solely repayments of principal and interest, are measured at amortised cost using the effective interest method, net of any impairment provision. Interest earned from such financial assets is recognised in the statement of comprehensive income as revenue on an accruals basis using the effective interest method. Any losses arising from impairment of the asset are recognised in the statement of comprehensive income within administrative expenses. The Company's financial assets measured at amortised cost includes trade and other receivables.

Trade receivables are recognised at fair value on initial recognition which equates to the amount expected to be receivable on settlement of the asset. All amounts are assessed for impairment based on a consideration of whether the Company will be able to collect all amounts due according to the original terms of the receivable (using the ECL approach). Any losses arising from impairment of the asset are recognised in the statement of comprehensive income within administrative expenses.

Impairment of financial assets
Under IFRS 9, for financial assets measured at amortised cost, the Company assesses the ECL. With respect to loan receivables, as the Company has adopted the simplified approach the loss allowance is equal to the lifetime ECL.

The ECL for the Company's loan receivables is derived from extrapolated loss curves created using historical credit loss data. In calculating the ECL forward-looking information is incorporated, such as the impact on future loan performance of certain macroeconomic variables.

Significant estimates included within the ECL calculations include the impact of the forward-looking information and the estimates around expected future recovery rates. Significant estimates will be reviewed on an ongoing basis as part of the IFRS 9 review process.

The other current assets have been analysed for impairment using the ECL approach and no material loss allowance has been deemed to be required.

De-recognition of financial assets
Financial assets are derecognised when the contractual rights to the cashflows from the financial assets expire or the Company has either transferred the contractual right to receive the cashflows from that asset or has assumed an obligation to pay those cashflows to one or more recipients.

1. **Accounting policies (continued)**

Financial liabilities
All financial liabilities are recognised initially at fair value net of directly attributable transaction costs. The Company classifies its financial liabilities, at initial recognition and for subsequent measurement, as financial liabilities at amortised cost.

Amortised cost
Financial liabilities recognised in the Company's statement of financial position as either loans and borrowings or trade and other payables are classified as financial liabilities at amortised cost. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method with all movements recognised in the statement of comprehensive income.

Taxation

The tax expense comprises current and deferred tax. Current tax is recognised in the statement of comprehensive income and is provided at the amount expected to be paid (or recovered) applying tax rates and laws enacted or substantively enacted at the end of the reporting year.

Deferred tax is provided in full, using a temporary difference approach, and is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated applying tax rates and laws enacted or substantively enacted at the end of the reporting year. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Provisions for liabilities

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value.

Capital Contributions

Capital contributions are made from the ultimate parent company via a commission arrangement and are recognised on an accruals basis. These capital contributions are recorded in a separate reserve account.

2. **Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with FRS 101 requires management to make certain 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 these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern assessment

The Company exercises judgement in assessing whether to prepare the accounts on a going concern basis. This requires management to make certain estimates and assumptions with respect to the future financial performance of the Company.

At 31 March 2019 the Company had net liabilities of £5.8m, primarily due to loans and borrowings of £5.8m. Due to slower growth of the motor finance business, the Company has moved the final repayment date on the loans and borrowings to August 2024 (previously August 2022) as explained in Note 12. Since the year-end, the Company entered into a commission arrangement with its ultimate parent company, Retail Money Market Ltd, which entitles the Company to receive commissions generated by the RateSetter Group's motor finance business. The Company forecasts show it will generate sufficient cash, through the receipt of commissions and support from its ultimate parent company if required, to meet its liabilities as they fall due.

2. Significant accounting judgements, estimates and assumptions (continued)

The director notes that the receipt of any future commissions, and financial support if required, is contingent on the ultimate parent company achieving its business plans. The director has no reason to believe that the ultimate parent company's business plans will not be achieved but given the current market conditions, there is a risk that the future expected commission levels will not be sufficient to cover the loan repayments. Consequently, a material uncertainty exists that casts significant doubt upon the ability of the Company to continue as a going concern.

Having considered the risks and uncertainties to which the business is exposed, the director considers that the business will have sufficient financial resources to meet its obligations for the foreseeable future (being a period of at least twelve months from the date of this report). As a result, the financial statements have been produced on a going concern basis and do not contain any adjustments that would result if the Company was unable to continue as a going concern.

Measurement of impairment provision

The Company exercises judgement in measuring and recognising provisions related to loans made to the motor trade to acquire vehicles under hire purchase contracts. An estimation technique is adopted in assessing the likelihood that a liability will arise, and to quantify the possible range of the financial settlement. Due to the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

3. Segmental analysis

The Company's operations are carried out solely in the UK and are considered by the director to consist of a single business unit/component. The results and net liabilities of the Company are derived from its principal activity.

4. Employees

The average monthly number of persons (including directors) employed by the Company during the year was nil (2018: 14).

Employment costs (including key management personnel) during the year were:

	2019 £	2018 £
Wages and salaries	-	503,947
Social security costs	-	45,422
Post-employment benefits	-	3,311
	-	**552,680**

During the year ending 31 March 2018 the Company's employees transferred to the ultimate parent company. The Company has no employees and the employee services provided to the Company have been borne by the ultimate parent company and were not re-charged.

5. Directors' remuneration

	2019 £	2018 £
Remuneration paid to directors	-	71,918

The directors are considered to be the only members of management that meet the definition of 'key management personnel'. During the year, no director received any emoluments for services provided to the Company (2018: £71,918). The emoluments of each of the directors have been borne by the ultimate parent company and were not re-charged to the Company on the basis that the activity that each of the directors perform as directors of the Company are not deemed to be material relative to the services they provide to the wider group and, as a result, it is not considered possible to attribute a proportion of each director's overall remuneration to the Company.

6. Operating loss

	2019 £	2018 £
Operating loss for the year is stated after charging / (crediting):		
Depreciation of property, plant and equipment	-	24,192
Auditor's remuneration	7,800	22,584
Impairment of property, plant and equipment	-	10,277
Profit on disposal of property, plant and equipment	-	(2,539)
Movement in loss allowance for loan receivables	(233,973)	1,049,683
Reversal of provisions	(82,987)	(402,889)
Rent and operating lease expense	44,417	30,000

7. Tax on loss on ordinary activities

The standard UK corporation tax rate was 19% for the year (19% for the year ended 31 March 2018).

	2019 £	2018 £
Current tax		
Current tax on loss for the year	-	-
Adjustment in respect of prior years	-	53,358
Tax charge	-	53,358
Factors affecting the tax charge for the current year:		
Loss for the year	(591,824)	(1,229,986)
Tax on loss at standard UK tax rate of 19.00% (2018: 19.00%)	(112,447)	(233,697)
Effects of:		
Adjustment in respect of prior years	-	53,358
Expenses not deductible	1,007	988
Capital contribution	209,813	-
Movement in deferred tax not recognised	(98,373)	232,709
Tax charge for the year	-	**53,358**
Unrecognised deferred tax:		
Fixed Assets	(46,248)	(41,034)
Losses	(1,077,977)	(1,290,105)
	(1,124,225)	**(1,331,139)**

The current UK corporation tax rate is 19%. The Finance Act 2016, enacted in September 2016, further reduced the tax rate to 17% (effective from 1 April 2020) therefore the unrecognised deferred tax asset of £1,124,225 has been calculated at a rate of 17%.

8. Property, plant and equipment

	Motor vehicles
	£
Cost	
At 1 April 2018	140,296
Additions	-
Disposals	(137,246)
Impairments	-
At 31 March 2019	3,050
Depreciation and impairment	
At 1 April 2018	105,615
Depreciation charge in the year	-
Eliminated in respect of disposals	(105,615)
At 31 March 2019	-
Carrying amount	
At 31 March 2019	3,050
At 31 March 2018	34,681

9. Stock

	£
At 1 April 2018	108,178
Additions	-
Disposals	(108,178)
At 31 March 2019	-

10. Trade and other receivables

	2019 £	2018 £
Current assets:		
Loan receivables	-	1,753,044
Amounts owed by Group undertakings	1,306,612	804,511
Other debtors	22,086	31,138
	1,328,698	2,588,693

11. Trade and other payables

	2019 £	2018 £
Current liabilities:		
Trade creditors	60,244	156,837
Accruals	55,161	116,279
Other taxation and social security	-	19,524
Finance lease obligations	-	16,254
Corporation tax liability	53,358	53,358
Other creditors	755,500	749,999
	924,263	1,112,251

12. Loans and borrowings

	2019 £	2018 £
Current liabilities:		
Loans and borrowings	1,661,447	1,893,766
Non-current liabilities:		
Loans and borrowings	4,175,892	5,837,339

Loans and borrowings represent secured debt repayable to the RateSetter investors, with an average interest charge of 7%. These loans and borrowings have been re-termed with the final repayment date moved to August 2024 (previously August 2022). They continue to amortise monthly and the interest rate remains unchanged.

13. Provisions

	2019 £	2018 £
At 1 April 2018 / 1 April 2017	508,735	911,634
Released in the year	(82,987)	(402,899)
At 31 March 2019 / 31 March 2018	**425,748**	**508,735**

The total provision figure at 31 March 2019 includes provisions for sums potentially due to HMRC in relation to historical VAT obligations estimated as due within one financial year.

14. Called up share capital

Ordinary share capital (issued and fully paid)	**2019 £**	**2018 £**
3,000,100 Ordinary shares of £1 each	3,000,100	3,000,100

15. Operating lease commitments

At the end of the prior reporting period, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases. During the current reporting period the operating leases, representing office rental costs, were transferred to the ultimate parent company,

	2019 £	**2018 £**
Falling due:		
Within one year	-	60,000
Between one and five years	-	240,000
In over five years	-	67,500
	-	367,500

16. Related party transactions

There are no related party transactions other than those already disclosed within the notes of these accounts.

17. Post balance sheet events

Since the year-end, the Company entered into a commission arrangement with its ultimate parent company, Retail Money Market Ltd, which entitles the Company to receive commissions generated by the RateSetter Group's motor lending business since 01 July 2017. As at the date of signing these financial statements the Company has recognised £1,717,526 of commission, in the form of a capital contribution, under this agreement, of which £1,104,280 has been recognised in these financial statements.

18. Ultimate controlling entity

At the reporting date, the ultimate controlling entity was Retail Money Market Ltd (registered number: 07075792), a company incorporated in the United Kingdom.