

V12 Finance Group Limited
Annual report and financial statements
for the year ended 31 December 2016

Registered Number 07498951

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Strategic Report

Principal activity and business review

The principal activity of V12 Finance Group Limited ("the Company") during the year continued to be a holding company for a group of companies involved in the provision of consumer credit in the retail credit market.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are those which impact the business of its subsidiary undertakings, relating to the general retail spending environment, customers' propensity to borrow and the impact of the turmoil in financial markets. Key risks identified by the directors are formally reviewed and assessed at least once a year by the Board, in addition to which key subsidiary business risks are identified, evaluated and managed by operating management on an ongoing basis.

The Group's overall approach to managing risk and uncertainties is described in the annual report and accounts of Secure Trust Bank PLC, the ultimate and immediate parent company.

By order of the Board



N J Davies
Director

22 March 2017

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Results for the year

The directors are satisfied with the performance of the Company during the year and do not envisage any significant change in the principal activity in the ensuing year. The Statement of Comprehensive Income is set out on page 6.

The company's subsidiary undertakings did not pay any dividend to the parent company during the year and therefore profit for the year was £nil (2015: £2,000,000). The directors do not recommend the payment of a dividend (2015: £1,999,000).

Directors

N J Davies
P A Lynam
J M Bowers

Directors' interests

Of the directors holding office at 31 December 2016 Mr Lynam is a director of Arbuthnot Banking Group PLC, which was the ultimate parent company up to 15th June 2016, and his interest in the share capital of that company is shown in that company's Directors' Report. Mr Lynam is also a director of Secure Trust Bank PLC, from 15 June 2016 the ultimate and immediate parent company. His interest in the share capital of that company is shown in that company's Directors' Report. No director had a beneficial interest in shares of the Company during the year.

Risk management

The Company regards the monitoring and controlling of risks as a fundamental part of the management process. Consequently, senior management are involved in the development of risk management policies and in monitoring their application. The Company's overall approach to managing internal control and financial reporting is described in Note 3.

Going concern

After making appropriate enquiries which assessed strategy, profitability, funding and capital resources, the directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The financial statements are therefore prepared on the going concern basis.

Auditor

Each director in office at the date of this Directors' Report confirms that so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

KPMG LLP was reappointed as auditor at the Annual General Meeting held in 2016. A resolution to reappoint it as auditor will be proposed at the Annual General Meeting in 2017. KPMG LLP has indicated its willingness to continue in office.

By order of the Board



N J Davies
Director

22 March 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



N J Davies
Director

22 March 2017

Independent auditor's report

to the members of V12 Finance Group Ltd

We have audited the financial statements of V12 Finance Group Limited for the year ended 31 December 2016 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Statement of Directors' Responsibilities set out on page 3, 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 Auditing Practices Board'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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.


Independent auditor's report

to the members of V12 Finance Group Ltd

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, 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.


Andrew Walker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

22 March 2017

Statement of comprehensive income

		Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
	Note		
Income from fixed asset investments	9	-	2,000
Profit before income tax		-	2,000
Profit for the year		-	2,000
Profit attributable to:			
Equity holders of the Company		-	2,000
Total comprehensive income attributable to:			
Equity holders of the Company		-	2,000

The Company has no recognised gains or losses other than those included in the results above hence a Statement of Other Comprehensive Income has not been prepared.

The Company's results above are from continuing operations.

The notes on pages 10 to 14 are an integral part of these financial statements

Statement of financial position

		At 31 December	
	Note	2016 £000	2015 £000
ASSETS			
Fixed asset investments	5	2,699	2,699
Other assets	6	2,074	2,074
Total assets		4,773	4,773
EQUITY AND LIABILITIES			
Liabilities			
Other liabilities	7	3,982	3,982
Total liabilities		3,982	3,982
Equity attributable to owners of the parent			
Share capital	8	51	51
Share premium		729	729
Retained earnings		11	11
Total equity		791	791
Total equity and liabilities		4,773	4,773

The financial statements on pages 6 to 14 were approved by the Board of Directors on 22 March 2017 and were signed on its behalf by:



N J Davies
Director

Company number: 07498951

The notes on pages 10 to 14 are an integral part of these financial statements

Statement of changes in equity

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Balance at 1 January 2015	51	729	10	790
Total comprehensive income for the period				
Profit for the year ended 31 December 2015	-	-	2,000	2,000
Total comprehensive income for the period	-	-	2,000	2,000
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Dividends paid	-	-	(1,999)	(1,999)
Total contributions by and distributions to owners	-	-	(1,999)	(1,999)
Balance at 31 December 2015	51	729	11	791
Total comprehensive income for the period				
Profit for the year ended 31 December 2016	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Dividends paid	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2016	51	729	11	791

The notes on pages 10 to 14 are an integral part of these financial statements

Statement of cash flows

	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
Cash flows from operating activities		
Profit for the year	-	2,000
Income from fixed asset investments	-	(2,000)
Changes in operating assets and liabilities:		
- net increase in other assets	-	(1,999)
- net increase in other liabilities	-	1,999
Net cash flow from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

The notes on pages 10 to 14 are an integral part of these financial statements

Notes to the financial statements

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Reporting entity

V12 Finance Group Limited is a company domiciled in the United Kingdom. The registered address of the Company is One Arleston Way, Solihull, West Midlands, B90 4LH.

1.2 Basis of presentation

The Company's financial statements have been prepared in accordance with IFRSs (as adopted and endorsed by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention and are presented in pounds sterling, which is the Company's functional and presentational currency.

The preparation of financial statements in conformity with IFRSs 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. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The directors confirm they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing accounts.

The following International Financial Reporting Standards have been issued which are not yet effective and which have not been adopted early:

- IFRS 9 'Financial instruments' (effective for annual periods beginning after 1 January 2018). This is the IASB's replacement of IAS 39 'Financial Instruments: Recognition and Measurement'. Phase one of this standard deals with the classification and measurement of financial assets and represents a significant change from the existing requirements in IAS 39. The standard contains three primary measurement categories for financial assets: 'amortised cost', 'fair value through other comprehensive income' and 'fair value through profit or loss' and eliminates the existing categories of 'held to maturity', 'available for sale' and 'loans and receivables'. Phase two of the standard covers impairment, with a new expected loss impairment model that will require expected credit losses to be accounted for from when financial instruments are first recognised and lowers the threshold for the recognition of full lifetime expected losses. Phase three covers general hedge accounting and introduces a substantially reformed model for hedge accounting with enhanced disclosure about risk management activity. The new model aligns the accounting treatment with risk management activities.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning after 1 January 2018). This standard replaces a number of existing standards and interpretations and applies to contracts with customers, but does not apply to insurance contracts, financial instruments or lease contracts, which are in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative relevant disclosures. It introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a principles-based five-step model to be applied to all contracts with customers.
- IFRS 16, 'Leases' (effective from 1 January 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leasing standard, IAS 17 Leases, and related interpretations. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the

Notes to the financial statements

lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements in IFRS 16 will be an increase in lease assets and financial liabilities. Accordingly, for companies with material off balance sheet leases, there will be a change to key financial metrics derived from the company's assets and liabilities (for example, leverage ratios).

The above standards are unlikely to have a material impact on the Company; IFRS9 and IFRS 15 have been endorsed by the EU in November 2016 and September 2016 respectively, however IFRS16 has not yet been endorsed by the EU.

1.3 Fixed asset investments

Investments in subsidiary undertakings are recorded at cost less any impairment which the directors determine is reasonable to reflect the current position.

1.4 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash, loans and advances to banks and building societies and short-term highly liquid debt securities.

1.5 Income taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Notes to the financial statements

2. Maturity analysis of assets and liabilities

The table below shows the maturity analysis of the Company's financial assets and liabilities as at 31 December 2016:

	Due within one year £000	Due after more than one year £000	Total £000
At 31 December 2016			
ASSETS			
Other assets	2,074	-	2,074
Total assets	2,074	-	2,074
LIABILITIES			
Other liabilities	3,982	-	3,982
Total liabilities	3,982	-	3,982

The table below shows the maturity analysis of the Company's financial assets and liabilities as at 31 December 2015:

	Due within one year £000	Due after more than one year £000	Total £000
At 31 December 2015			
ASSETS			
Other assets	2,074	-	2,074
Total assets	2,074	-	2,074
LIABILITIES			
Other liabilities	3,982	-	3,982
Total liabilities	3,982	-	3,982

3. Financial risk management

Strategy

The directors and senior management of the Company have formally adopted a Risk and Controls Policy which sets out the Board's attitude to risk and internal controls. Key risks identified by the directors are formally reviewed and assessed at least once a year by the Board, in addition to which key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures such as physical controls, credit and other authorisation limits and segregation of duties. The Board also receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board.

The Company is not exposed to Credit, Market or Liquidity risks.

4. Employee information

The Company had no employees during 2016 (2015: none).

The directors' emoluments of Mr Lynam and Mr Bowers were paid by Secure Trust Bank PLC, from 15 June 2016 the Company's ultimate and immediate parent company. The directors' emoluments of Mr Davies were paid by the Company's subsidiary company V12 Retail Finance Limited. Neither company made recharges to the Company for their services.

Notes to the financial statements

5. Fixed asset investments

	Shares at cost £'000
At 31 December 2015 and at 31 December 2016	2,699

The subsidiary undertakings of the Company at 31 December 2015 and 31 December 2016 were:

	Country of incorporation	Interest % in ordinary shares	Principal activity
V12 Personal Finance Limited	UK	100	Dormant
V12 Retail Finance Limited	UK	100	Sourcing and servicing of unsecured loans

Both subsidiary undertakings are unlisted and have an accounting reference date of 31 December. Neither of the subsidiary undertakings are banking institutions.

6. Other assets

	2016 £000	2015 £000
Amounts due from related companies	2,074	2,074
	2,074	2,074

Amounts due from related companies

Amounts due from related companies have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial assets, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

7. Other liabilities

	2016 £000	2015 £000
Amounts due to the immediate parent company	3,982	3,982
	3,982	3,982

Amounts due to the immediate parent company

Amounts due to the immediate parent company have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

8. Share capital

	Number of ordinary shares	Ordinary shares £000
At 1 January and at 31 December 2016	51,251	51

There was no movement in the issued share capital in the current or prior year. The total number of ordinary shares in issue at 31 December 2015 and 31 December 2016 was 51,251 with a par value of £1 per share (2015: £1 per share). All issued shares are fully paid.

Notes to the financial statements

9. Related party transactions

During the year, the company did not make any payment of dividend to its parent company, Secure Trust Bank PLC (2015: £1,999,000) and did not receive any dividend from its subsidiary company, V12 Retail Finance Limited (2015: £2,000,000).

Amounts due to or from related companies are included in Notes 6 and 7.

10. Immediate and ultimate parent company

Prior to the sale of its controlling interest on 15 June 2016, the Company regarded Arbuthnot Banking Group, a company registered in England and Wales, as the ultimate parent company. Sir Henry Angest, the Group Chairman and Chief Executive of Arbuthnot Banking Group PLC has a beneficial interest in 53.7% of the issued share capital of Arbuthnot Banking Group and was regarded by the Company as the ultimate controlling party. A copy of the consolidated financial statements of Arbuthnot Banking Group may be obtained from the Company Secretary, Arbuthnot Banking Group, Arbuthnot House, 7 Wilson Street, London, EC2M 2SN.

Since 15 June 2016, the ultimate and immediate parent company is Secure Trust Bank PLC. A copy of the financial statements of Secure Trust Bank PLC may be obtained from Secure Trust Bank PLC, One Arlestone Way, Solihull, West Midlands, B90 4LH.

Corporate contacts & advisers

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Independent Auditor

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