JBR Capital Limited

Annual report for the year ended 30 December 2017

Registered number: 07520989

JBR Capital Limited

Annual report
for the year ended 30 December 2017

Contents

Officers and professional advisors

Directors

S Benaim
S J Halstead
EH McNeill (appointed 26 February 2018)
D M Selig
T Sharma

Company secretary

D M Selig

Registered office

773 Finchley Road
London
NW11 8DN

Bankers

HSBC Bank PLC

Solicitors

Herbert Smith Freehills

Independent auditors

PricewaterhouseCoopers LLP

Directors' report for the year ended 30 December 2017

The directors present their report and audited accounts for the company for the year ended 30 December 2017.

Principal activities and review of business

JBR Capital Limited ("JBR" or "the company") commenced operations at the end of 2014.

JBR finances individuals and organisations seeking to purchase high value performance and luxury cars. The funding is provided through hire purchase and leasing arrangements.

The company's ultimate parent company is JBR Auto Holdings Limited, fellow members of the JBR Auto Holdings Limited group provide finance (JBR Auto Finance Limited) and administrative services (JBR Auto Services Limited) to the company.

Transition to FRS102

This is the first year that the company has presented its results under FRS102. The last financial statements under UK GAAP were for the year ended 30 December 2016. The date of transition to FRS102 was 31 December 2015. Details of the adjustments on transition are set out in note 20 to the accounts.

Summary of performance

Origination

During 2017, JBR originated £119.6m of loans (2016: £82.7m).

The loan book as of 30 December 2017 was £149.1m (2016: £96.8m).

In the first five months of 2018, JBR originated £67.4m representing an increase of 71% compared with the same period in the previous year

Funding

JBR has secured funding from its investors and a warehouse line from its senior lender. These funding lines ensure that JBR is able to finance its business plan for 2018 and beyond.

Financials

The table below indicates JBR's operational performance:

	2017 £000	2016 £000	Increase %
Interest and fees	10,998	6,598	66.7
Interest paid	(3,314)	(2,069)	(60.21)
Admin expenses	(4,565)	(3,215)	(42.0)
Operational profit before group interest	3,119	1,314	
Interest on group funding	(1,897)	(1,813)	
Profit / (loss) before taxation	1,222	(499)	

The increase in revenues reflects the increases in origination and loan book achieved in 2016 and 2017. JBR did not experience any material credit losses in 2017.

Operating expenses have increased in line with activities.

The company has significantly increased its profitability in the year.

Directors' report
for the year ended 30 December 2017 (continued)

Operation

JBR's operations are driven through integrated end to end IT systems.

As at 30 December 2017, JBR Auto Services Limited had 33 (2016: 22) full time employees.

Risk and governance

JBR operates a robust credit risk policy in assessing applicants' credit worthiness and vehicle security value through the use of internal and external expertise.

JBR's risk committee governs all areas of risk across the organisation, notably credit, interest rate, residual value, operational and compliance.

JBR obtained full permissions from the FCA in August 2015.

Review of the principal risks and uncertainties

The principal risks and uncertainties relate to the general economic climate, which impacts the demand for and values of premium and classic vehicles. The economic climate also influences credit and interest rate risks. To mitigate the commercial and credit risks, the directors rely on their extensive experience of the premium motor vehicle and financial services markets to anticipate market movements and have put in place robust underwriting and credit monitoring procedures. With respect to interest rate risk, the directors have put in place hedging arrangements to mitigate the risk.

Key performance indicators

For the period under consideration, the key performance indicator was the level of build in the loan book and its quality. The directors are satisfied with the quality and quantum of lending undertaken to date.

Dividends and transfers to reserves

The results for the financial year are shown on page 9 of the financial statements.

The directors do not recommend the payment of a dividend (2016: £Nil) in respect of the year ended 30 December 2017 and the profit for the financial year has been transferred to reserves.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. Details are set out below.

Given the size of the company, the directors have delegated the responsibility for financial risk management to a sub-committee that includes members of the board. The policies set by the sub-committee are implemented by the company's management team.

Credit risk

The company has implemented policies that require robust credit and know your customer (KYC) checks on potential customers before loans are advanced, along with monitoring of subsequent repayments. JBR has developed a proprietary bespoke credit scoring system to reduce manual input on the underwriting of smaller loan balances.

Directors' report
for the year ended 30 December 2017 (continued)

Liquidity risk

The company has long-term debt finance that matches the maturity of its customer loans and is designed to ensure the company has sufficient available funds for its lending operations.

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only loans to customers. These earn interest at both fixed and variable rates. The company's existing debt is at both a fixed and floating rate. The directors review the company's exposure to interest rate risk as the company's operations change in size or nature, and use hedging instruments to mitigate the risk as appropriate.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are detailed on page 1.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Directors' report
for the year ended 30 December 2017 (continued)

Disclosure of information to auditors

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

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

Small company provisions

The company has taken advantage of the Small Company provisions of the Companies Act 2016 and has not prepared a Strategic Report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board

S BENAIM
Chief Executive Officer

Date: 18 July 2018

Independent auditors' report to the members of JBR Capital Limited

Report on the audit of the financial statements

Opinion

In our opinion, JBR Capital Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 30 December 2017, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of JBR Capital Limited (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of JBR Capital Limited (continued)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
18 July 2018

JBR Capital Limited

Statement of comprehensive income for the year ended 30 December 2017

	Note	2017 £	2016 £
Interest receivable and similar income	5	**10,855,925**	6,326,683
Fees receivable		**142,427**	271,748
Total revenue		**10,998,352**	6,598,431
Interest payable and similar charges	6	**(5,210,574)**	(3,882,647)
Net interest and fee income		**5,787,778**	2,715,784
Administrative expenses		**(4,565,366)**	(3,214,728)
Profit / (loss) before taxation	8	**1,222,412**	(498,944)
Tax on profit / (loss)	9	**(235,000)**	473,000
Profit for the financial year		**987,412**	(25,944)
Other comprehensive income		**1,481**	4,083
Total comprehensive income for the year		**988,893**	(21,861)

The notes on pages 12 to 23 form part of these financial statements

JBR Capital Limited

Registered number: 07520989

Balance sheet
as at 30 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	10		**448,256**		346,187
Tangible assets	10		**329,711**		218,798
			777,967		564,985
Current assets					
Debtors: amounts falling due after more than one year	11	**126,714,482**		83,574,636	
Debtors: amounts falling due within one year	11	**23,606,194**		14,125,019	
Cash at bank and in hand		**7,776,412**		9,078,916	
		158,097,088		106,778,571	
Creditors: amounts falling due within one year	12	**(25,327,588)**		(16,453,134)	
Net current assets			**132,769,500**		90,325,437
Total assets less current liabilities			**133,547,467**		90,890,422
Creditors: amounts falling due after more than one year	13		**(134,191,675)**		(92,523,523)
Net liabilities			**(644,208)**		(1,633,101)
Capital and reserves					
Called up share capital	17		**100**		100
Profit and loss account			**(644,308)**		(1,397,201)
Total shareholders' deficit			**(644,208)**		(1,633,101)

The financial statements on pages 9 to 23 were approved and authorised for issue by the Board of Directors on 18 July 2018 and were signed on its behalf by:

S BENAIM
Director

The notes on pages 12 to 23 form part of these financial statements

JBR Capital Limited

Statement of changes in equity for the year ended 30 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance as at 31 December 2015	100	(1,611,340)	(1,611,240)
Loss for the financial year	-	(25,944)	(25,944)
Other comprehensive income	-	4,083	4,083
Total comprehensive expense for the year	**-**	**(21,861)**	**(21,861)**
Balance as at 30 December 2016	**100**	**(1,633,201)**	**(1,633,101)**
Balance as at 31 December 2016	100	(1,633,201)	(1,633,101)
Profit for the financial year	-	987,412	987,412
Other comprehensive income	-	1,481	1,481
Total comprehensive income for the year	**-**	**988,893**	**988,893**
Balance as at 30 December 2017	**100**	**(644,308)**	**(644,208)**

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Notes to the financial statements for the year ended 30 December 2017

1 General information

JBR Capital Limited (the "company") finances the acquisition of premium and classic motor vehicles in the UK.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 773 Finchley Road, London, England, NW11 8DN.

2 Statement of compliance

The financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

3 Summary of significant 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. The company has adopted FRS102 in these financial statements for the first time, the date of transition is 31 December 2015. Details of the transition to FRS102 are set out in note 20.

3.1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain assets and liabilities measured at fair value through the profit and loss account.

The preparation of financial statements in conformity with FRS102 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. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Income recognition

Income from financial assets
Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments, including loans and advances, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to the period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the net lending balance using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Lease classification
Lease and hire purchase agreements that transfer substantially all of the risks and rewards of ownership to the lessee are classified as finance leases. All other leases are classified as operating leases.

When assets are leased under a finance lease, the net present value of the lease payments plus any guaranteed residual value payments, where applicable, is recognised as a receivable within loans and advances to customers. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income.

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Finance lease income
Finance lease income is recognised over the lease term using the net investment method so as to reflect a constant periodic rate of return on the company's net investment in the lease. Initial direct incremental costs attributed to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable thus reducing the amount of income recognised over the lease term.

When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the agreement but not future credit losses. The calculation includes all amounts received or paid by the company that are an integral part of the overall return such as acceptance and, where relevant, early settlement fees as well as direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

3.3 *Financial instruments*

The company has chosen to adopt the Sections 11 and 12 of FRS102 in respect of financial instruments.

(a) Financial assets
Basic financial assets, including loans and other receivables and cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(b) Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for interest rate derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3.4 Impairment

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an adverse impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the directors, including:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default or delinquency on payments of principal or interest;
- it becoming probable that the counterparty will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties or adverse changes in the market, economic or legal environment in which the entity operates; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be allocated to the individual assets in the group, including:
  - adverse changes in the payment status of debtors in the group;
  - national or local economic conditions that correlate with defaults on assets in the group.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and performs a collective assessment for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether the directors elect to foreclose or not.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the company and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of condition in the historical period that do not exist currently.

3.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over the estimated useful lives, using the straight line method. The depreciation rates are as follows:

Leasehold improvements	-	10.0% - 33.3 % on cost
Office equipment	-	33.3% on cost
Fixtures and fittings	-	33.3% on cost
Motor vehicles	-	25% on cost

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively, if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income" in the statement of comprehensive income.

3.7 Intangible assets

Computer software is stated at cost less accumulated depreciation and accumulated impairment losses. Software is amortised over its estimated useful life of 5 years.

3.8 Cash and cash equivalents

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

3.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

- the recognition of deferred tax assets is limited to the extent that it is probably that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

3.10 Lease obligations

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of the lease obligation is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Cash flow statement

No cash flow statement has been prepared as the company qualifies as a small company.

JBR Capital Limited

4 Critical accounting judgements and estimation uncertainty

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

(a) Critical judgements in applying the entity's accounting policies
There is no area within the company's financial statements where management has been required to apply a critical judgement.
(b) Key accounting estimates and assumptions

- Expected losses - An allowance is made for the expected losses (note 11). This requires management's best estimate of impairment on the basis of objective evidence available.
- Settlement gains – In accounting for interest under the Effective Interest Rate method an estimate is made of the level of early settlements and their timing and the expected gains on the basis of objective evidence available.

5 Interest receivable and similar income

Loan interest and similar income includes the following:

	2017	2016
	£	£
Loan interest	**10,855,925**	6,326,683

6 Interest payable and similar charges

	2017	2016
	£	£
Bank interest	**3,313,514**	2,069,163
Interest on group loans	**1,897,060**	1,813,484
	5,210,574	3,882,647

7 Employees and directors

The company has no employees. All of the employees within the JBR Auto Holding Limited group are employees of JBR Auto Services Limited, and the costs are recharged by that company. The costs are included within the management charge disclosed in note 18.

Directors' emoluments

The directors' emoluments were as follows:

	2017	2016
	£	£
Directors' emoluments	**995,182**	957,926
Company contributions to defined contribution pension schemes	**33,611**	31,119
	1,028,793	989,045

During the year retirement benefits were accruing to 3 directors (2015: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £366,828 (2016: £349,590).

The value of the company's contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,431 (2016: £11,184).

JBR Capital Limited

Key management compensation

Key management are the directors. The compensation paid or payable to key management for employee services is as shown in the directors' emoluments note above.

8 Profit /(loss) before taxation

	2017	2016
	£	£
Profit / (loss) before taxation is stated after charging:		
Operating lease charges	**119,836**	47,400
Amortisation of intangible assets	**107,536**	74,970
Depreciation – owned assets	**74,701**	23,519
Depreciation – assets on hire purchase contracts and finance leases	**8,216**	9,290
Provision for loan losses	**180,000**	36,481
Auditors' remuneration	**30,000**	30,000
Non-audit fees – other assurance	**15,000**	15,000
Non-audit fees – other	**4,000**	4,000
Non-audit fees – tax compliance	**8,000**	8,000

9 Tax on profit / (loss)

The tax charge/(credit) on the profit / (loss) for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax on profit / (losses) for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	**235,000**	(473,000)
Total deferred tax	**235,000**	(473,000)
Tax on profit / (loss) on ordinary activities	**235,000**	(473,000)

Factors affecting the tax charge / (credit)

The tax assessed for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The difference is explained below:

	2017	2016
	£	£
Profit / (loss) on ordinary activities before taxation	**1,222,412**	(498,944)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**235,315**	(99,789)
Effects of:		
Expenses not deductible for tax purposes	**3,003**	13,542
Group tax relief	-	25,296
Tax rate changes	**(32,192)**	83,391
Adjustments to prior periods	**28,874**	(495,440)
Total tax charge/(credit)	**235,000**	(473,000)

JBR Capital Limited

10 Fixed assets

Intangible assets

	Software
	£
Cost	
At 31 December 2016	432,534
Additions	209,605
At 30 December 2016	**642,139**
Amortisation	
At 31 December 2016	86,347
Charge for the year	107,536
At 31 December 2017	**193,883**
Net book value	
At 30 December 2017	**444,256**
At 30 December 2016	346,187

Tangible assets

	Leasehold improvements	Office equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 31 December 2016	128,660	33,780	23,856	97,080	283,376
Additions	118,900	46,492	40,014	-	205,406
Disposals	(33,582)	(13,053)	-	-	(46,635)
At 30 December 2017	**213,978**	**67,219**	**63,870**	**97,080**	**442,147**
Accumulated depreciation					
At 31 December 2016	22,309	14,566	7,179	20,524	64,578
Charge for the year	30,166	17,907	13,786	21,058	82,917
Disposals	(33,582)	(1,477)	-	-	(35,059)
At 30 December 2017	**18,893**	**30,996**	**20,965**	**41,582**	**112,436**
Net book value					
At 30 December 2017	**195,085**	**36,223**	**42,905**	**55,498**	**329,711**
At 30 December 2016	106,351	19,214	16,677	76,556	218,798

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Motor vehicles
	£
Cost	
At 31 December 2016 and 30 December 2017	32,875
Accumulated depreciation	
At 31 December 2016	12,328
Charge for the year	8,216
At 30 December 2017	**20,544**
Net book value	
At 30 December 2017	**12,331**
At 30 December 2016	20,547

JBR Capital Limited

11. Debtors

	2017 £	2016 £
Amounts falling due after one year:		
Loans and advances to customers	**126,699,323**	83,550,819
Derivative financial instruments	**15,159**	23,817
	126,714,482	83,574,636
Amounts falling due within one year:		
Amounts owed by group undertakings	**5,065**	5,026
Loans and advances to customers	**23,239,857**	13,707,142
Derivative financial instruments	**11,601**	11,017
Prepayments and accrued income	**347,671**	164,834
Deferred tax (see note 16)	**2,000**	237,000
	23,606,194	14,125,019
Total debtors	**150,320,676**	97,699,655

Loans are stated after provisions for losses of £203,422 (2016: £110,372).

Loans and advances to customers

	2017 £	2016 £
Advances under hire purchase contracts and finance leases	**150,142,602**	97,368,333
Gross loans and advances to customers	**150,142,602**	97,368,333
Less allowances for losses on loans and advances	**(203,422)**	(110,372)
Net loans and advances to customers	**149,939,180**	97,257,961
Of which:		
Due within one year	**23,239,857**	13,707,142
Due after one year and no later than five years	**126,699,323**	83,550,819
	149,939,180	97,257,961

Loans and advances to customers are analysed as follows:

	2017 £	2016 £
Gross investment:		
- no later than one year	**34,602,402**	21,586,054
- later than one year and no later than five years	**144,038,287**	97,388,719
	178,640,689	118,974,773
Unearned future finance income	**(28,701,509)**	(21,716,812)
Net investment	**149,939,180**	97,257,961

The company provides a range of lease products in connection with the financing of motor vehicles. The agreements typically run for periods of between three and four years.

The allowance for uncollectable hire purchase receivables included in the allowance for losses is £203,422 (2016: £110,372). The company has no residual value exposure in the contracts analysed above.

The company's lending has been funded by an agreement for the sale of the loans originated to JBR Capital DD Limited, a special purpose entity, which is not part of the JBR Auto Holdings Limited Group. The directors have assessed the arrangement and concluded that the company retains the risk and rewards of this portfolio of loans. Consequently these loans continue to be recognised on the company's balance sheet and the funding received from JBR Capital DD Limited is represented by the loan balances set out in notes 12 and 13. These loans are secured on the amounts advanced to customers noted above and bear interest at variable rates.

JBR Capital Limited

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Loans (see note 14)	**23,658,683**	15,393,712
Hire purchase contracts and finance leases (see note 15)	**4,836**	4,612
Trade creditors	**113,225**	133,113
Amounts owed to group undertakings (see note 13)	**734,760**	602,282
Accruals	**816,084**	319,415
	25,327,588	16,453,134

13 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Loans (see note 14)	**114,177,751**	74,415,341
Hire purchase contracts and finance leases (see note 15)	**14,056**	18,893
Amounts owed to group undertakings	**19,999,868**	18,089,289
	134,191,675	92,523,523

The amounts owed to group undertakings bear interest at a fixed rate, are unsecured and are due for repayment in 2023.

14 Loans

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Loans (See note 12)	**23,658,683**	15,393,712
	23,658,683	15,393,712
Amounts falling due between one and five years:		
Loans (See note 13)	**114,177,751**	74,415,341
	114,177,751	74,415,341

The above loans comprise bank loans repayable on various terms agreed with the lenders. The interest rates applicable are variable. The loans are secured on the underlying loan portfolio.

15 Obligations under hire purchase contracts and operating leases

	Hire purchase contracts	
	2017 £	2016 £
Net obligations repayable:		
Within one year	**4.836**	4,612
Between one and five years	**14,056**	18,893
	18,892	23,505

At 30 December 2017, the company had commitments to the following future minimum lease payments under non-cancellable operating leases expiring as follows:
Payments due:

	2017 £
Not later than one year	138,000
Later than one year and not later than five years	437,000
Total	**575,000**

JBR Capital Limited

16 Provisions for liabilities

	2017	2016
	£	£
Deferred tax asset	**2,000**	237,000

The deferred tax asset is summarised below:

	2017	2016
	£	£
Accelerated capital allowances	(70,000)	(35,000)
Other timing differences	(202,000)	(237,000)
Losses	274,000	509,000
Total asset	2,000	237,000

17 Called up share capital

	2017	2016
	£	£
Allotted and fully paid:		
100 (2016: 100) ordinary shares of £1 each	**100**	100

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18 Related party disclosures

Details of amounts due to and from group undertakings are set out in notes 12 and 13 of the financial statements. The balances are due to/from JBR Auto Finance Limited and JBR Auto Services Limited Note 6 sets out details of interest charged by JBR Auto Finance Limited.

A management charge of £3,019,141 (2016: £2,235,509) has been made to the company by a fellow group company, JBR Auto Services Limited in respect of administration services provided.

Details of the balances relating to the company's financing arrangements are set out in note 13. Interest has been charged on the borrowing. It is disclosed as bank interest in note 6.

19 Ultimate parent undertaking and controlling party

The immediate parent undertaking is JBR Auto Finance Limited.

The directors' regard Cabot Square Capital LLP as being the ultimate parent by virtue of its ownership of 93.1% of JBR Auto Holdings Limited's share capital.

The directors consider John Van Deventer (through his control of Cabot Square Capital LLP) to be the ultimate controlling party.

20 Transition to FRS102

This is the first year that the company has presented its results under FRS102. The last financial statements under UK GAAP were for the year ended 30 December 2016. The date of transition to FRS102 was 31 December 2015. No adjustments on transition have been required to the reported financial results for the year ended 30 December 2016. The following adjustment has been required to the financial position at 31 December 2015 and 31 December 2016:

	31 December 2015 £	31 December 2016 £
Shareholders deficit under old UK GAAP	(3,123,776)	(2,807,914)
Recognition of fair value of derivatives	(150,124)	(150,124)
Fair value adjustments in respect of Group Loans (i)	2,143,684	2,147,767
Prior period interest adjustments	(245,024)	(586,830)
Deferred taxation	(236,000)	(236,000)
Shareholders deficit under FRS102	**(1,611,240)**	**(1,633,101)**

Financial performance

	31 December 2016 £
Profit for the year under FRSEE	315,862
Adjustment in respect of Group Loan interest	(341,806)
Loss for the year under FRS102	**(25,944)**

(i) Under FRS102 there is a requirement that the directors assess the fair value of the Group borrowing at inception using a market rate of interest. On initial recognition the Loans were discounted and consequently a capital contribution was credited to reserves in the sum of £2,143,684. The discount is subsequently unwound and charged as a finance cost.

21 Financial instruments

The company has the following financial instruments:

	2017 £	2016 £
Financial assets at fair value through profit or loss	26,760	34,834
Financial assets that are debt instruments measured at amortised cost	150,291,916	97,427,821
Financial liabilities measured at amortised cost	159,519,263	108,976,657