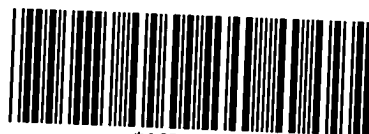


# **JBR Capital Limited**

## **Annual report for the year ended 30 December 2022**

Registered number: 07520989

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# **JBR Capital Limited**

## **Annual report for the year ended 30 December 2022**

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## **Officers and professional advisors**

### **Directors**

E H McNeill  
D M Selig  
T Sharma  
N V Kisnadwala  
T Onslow  
N Lloyd (appointed 19 July 2022)

### **Company secretary**

D M Selig

### **Registered office**

773 Finchley Road  
London  
NW11 8DN

### **Bankers**

HSBC UK Bank PLC  
Citibank N.A - London  
JP Morgan Chase Bank N.A.  
Midtown Madison Management LLC

### **Solicitors**

Asserson  
Shoosmiths  
Stevensdrake

### **Independent auditors**

PricewaterhouseCoopers LLP

**Strategic report for the year ended 30 December 2022**

The directors present their report and the audited consolidated financial statements for the year ended 30 December 2022.

**Business Overview**

JBR Capital Limited ("JBR") is the leading provider of financing solutions for high-end vehicles in the UK, specialising in hire purchase contracts, with or without balloon payments. The company operates within the JBR Auto Holdings Limited group, with finance services provided by JBR Auto Finance Limited and administrative support rendered by JBR Auto Services Limited. The ultimate parent company of JBR Capital is C S Capital Partners IV LP.

Since 2015, JBR has established itself as a leader in specialist funding for high-performance motor vehicles and supercars. The company engages in three primary channels to generate new business. Proposals are received from renowned franchised and independent vehicle dealerships, regulated finance brokers, and directly through an in-house sales team.

JBR's core market proposition revolves around delivering exemplary service to its customers. The company prides itself on its flexible and comprehensive offerings, underpinned by a meticulous and personalised approach to underwriting. Its deep understanding of both the assets and customers enables them to provide tailored solutions. This commitment is reflected in dedicated teams of colleagues who manually process applications and meticulously review each one. The underwriting process involves expert underwriters who evaluate applications, ensuring a well-informed decision-making process. The company's Loan Book management teams also play a vital role in minimising losses, as evidenced by the reduction in bad debt losses compared to the previous year, despite a substantial 69% increase in the year-end loan book (2022: £332.1m, 2021: £196.8m).

Integral to the company's business model is a steadfast focus on their Environmental, Social, and Governance (ESG) program. The company recognizes the potential impact of financed vehicles on the environment and acknowledges the significance of fostering a positive colleague culture, considering the specialised service they provide. In line with this commitment, JBR adheres to the Oxford Principles of Net Zero Aligned Carbon Offsetting.

**Business Financials: Highlights and Performance**
**Summary Income Statement**

	<b>2022</b>	2021	Increase/ (Decrease)
	<b>£000</b>	£000	%
Interest and fees	<b>18,612</b>	12,602	48%
Interest paid to external funders	<b>(10,155)</b>	(3,332)	205%
Fair value gain on derivatives	<b>1,781</b>	-	100%
Administrative expenses	<b>(10,462)</b>	(8,740)	20%
Operational (loss) / profit before group interest	<b>(224)</b>	530	(142%)
Interest on group funding	<b>(2,810)</b>	(4,042)	(30%)
<b>Loss before taxation</b>	<b>(3,034)</b>	(3,512)	(14%)

## Strategic report for the year ended 30 December 2022

## Business Financials: Highlights and Performance (continued)

## Summary Balance Sheet

	2022 £000	2021 £000	Increase/ (Decrease) %
Loan book	332,066	196,805	69%
Other Assets	4,130	1,670	147%
Prepayments and accrued income	5,943	1,654	259%
Fixed assets	1,437	927	55%
Cash and investments (Unrestricted)	3,414	857	298%
Cash and investments (Restricted)	25,570	20,973	22%
<b>Total assets</b>	<b>372,560</b>	<b>222,886</b>	<b>67%</b>
Funding (Senior and Mezzanine)	326,085	177,724	84%
Amounts owed to group undertakings	47,499	44,427	7%
Other liabilities	2,476	1,135	118%
<b>Total liabilities</b>	<b>376,060</b>	<b>223,286</b>	<b>68%</b>
Equity	(3,500)	(400)	
<b>Total liabilities and equity</b>	<b>372,560</b>	<b>222,886</b>	<b>67%</b>

\*Other assets includes provisions for bad debts of £3m (2021: £2.5m)

## Key performance indicators

The company has introduced several reports to track the performance of the company along all dimensions. The following is a summary of our KPIs for 2022:

	2022	2021
Gross Interest Margin	7.5%	7.4%
Cost of Funds	3.9%	1.7%
Net Interest Margin	3.5%	5.7%
Impairment Rate	0.0%	0.2%
EBITDA (£'m)	£8.5m	£4.1m
PBT Margin before group interest	-1.2%	4.2%
Originations (£'m)	£278.6m	£158.3m
Loan Book Size (£'m)	£332.1m	£196.8m
Gross Yield (Origination)	8.8%	7.5%
Net Yield (Origination)	7.9%	6.8%
Senior/Mezzanine Funding	£326.1m	£177.7m

In 2022, JBR achieved a significant milestone in new business originations, reaching a record level of £278.6 m, compared to £158.3m in 2021. This impressive growth trajectory followed a pause in lending during the Covid-19 pandemic throughout 2020 and into 2021. Additionally, the company achieved record levels of revenue, generating £18.6m in 2022 compared to £12.6m in 2021. These impressive results were supported by a year-end loan book of £332.1m in 2022, compared to £196.8m in the previous year, resulting in an EBITDA of £8.5m, more than doubling the figure of £4.1m in 2021.

During this year, as the UK experienced its first significant increase in the Bank of England Base Rate since the Global Financial Crisis of 2008, the cost of funds rose to 3.9% compared to 1.7% in 2021. This was driven by the floating debt costs linked to SONIA as well as the weighted average costs increasing to reflect the introduction of a mezzanine level to JBR's securitisation warehouse. Despite the macro challenges, the company successfully implemented pricing adjustments, which led to a notable increase in both Gross and Net Yields to 8.8% and 7.9% respectively, compared to 7.5% and 6.8% in 2021. Importantly, these pricing changes did not negatively impact new business originations.

To mitigate risks associated with the variable element of the company's debt funding costs, which tracks SONIA, an interest rate cap hedge was utilised. These pricing adjustments and risk mitigation strategies contributed to the company's loan book remaining resilient, with reduced bad debt losses in 2022 of £0.05m, compared to £0.30m in the previous year.

**Strategic report for the year ended 30 December 2022****Business Financials: Highlights and Performance (continued)**

The company's growth was facilitated by making amendments to its sole securitisation warehouse facility. This included an increase in commitment from existing Senior funders, JP Morgan Chase Bank N.A. and Citibank N.A. - London, from £200m to £350m at year end. Furthermore, a new Mezzanine funder, Atalaya Capital, committed £45m. In addition to these changes, the revolving period of the facility was extended for another two years in March 2022, and the company increased advance rate across senior and mezzanine funding increased from 84% to 94% of the agreed purchasing base. These adjustments provided a debt runway to support the company's origination growth into 2023.

**Income statement review**

Interest income experienced substantial growth, increasing by 50% to £18.4m (2021: £12.3m). This surge can be attributed to the robust momentum of growth in the loan book and strategic pricing adjustments made throughout the year to accommodate the rising SONIA rate. The impact of substantial pricing changes takes time to be fully reflected in the rate of interest received as historic (predominantly fixed rate) agreements take time to amortise or be early settled and so the company anticipates to realise this more fully in 2023 & 2024.

Naturally, interest expense witnessed a significant increase of 205% with the cost of funds increasing to 3.9% (2021: 1.7%) This upturn was primarily driven by the augmentation in Senior funding commitment and the introduction of Mezzanine funding at a higher overall cost, as well as increased SONIA costs. However, this increase was partially offset by the fair value rise of £1.7m (2021: £0.01m) on the total interest rate cap hedges in place with HSBC UK Bank PLC and Citibank N.A (London).

Operating costs amounted to £10.4m (2021: £8.7m), reflecting the requirements of both increased origination volumes and a larger loan book to service. This increase mostly occurred in people costs due to a higher headcount and salary increase awards, to support colleagues in lower salary bands, as part of a one-time cost-of-living payment. This payment was designed to alleviate the impact of rising living expenses and ensure equitable compensation for our valued colleagues.

The decrease in loss before tax of £0.48m to (£3.0m) primarily reflects strong growth in net loans, leading to higher net interest income, partly offset by higher operating expenses.

**Balance sheet review**

JBR accomplished a remarkable achievement in new business originations by reaching a record level of £278.6m in 2022, representing a substantial increase compared to £158.3m in the previous year. As a result, the loan book experienced significant growth, expanding by 69% from £196.8m to £332.1m. It is worth noting that despite this growth, the loan book remained resilient, and losses were reduced in 2022. Separately, the bad debt provision increased from £2.5m to £3m during the same period, primarily attributable to a provision made for a long-standing legacy debtor amounting to £0.6m. Nevertheless, it is important to highlight that there were also recoveries made on legacy write-offs, which partially offset the overall increase in the bad debt provision.

The increase in other assets can be attributed to the fair value adjustment of the JP Morgan Chase Bank N.A Interest rate cap hedge, which was necessitated by the significant volatility observed in the UK interest rates environment. In April 2022, the interest rate cap hedge was acquired at a cost of £1.79m. By the end of the year, the total value of the interest rate cap hedges held with JP Morgan Chase Bank N.A and HSBC UK Bank PLC amounted to £3.60m, representing a substantial increase compared to £0.01m in 2021. This significant growth in value reflects the company's proactive approach to managing interest rate risks and highlights the impact of market conditions on the fair value of these financial instruments.

The unrestricted cash balance witnessed a significant surge of 298%, from £0.86m to £3.4m.

**Strategic report for the year ended 30 December 2022****Business Financials: Highlights and Performance (continued)**

This increase was made possible through enhanced funding capabilities and improved advance rates, which enabled us to strategically invest in a JP Morgan liquidity fund. This decision was driven by the opportunity to capitalise on higher interest rates, thereby optimising our cash holdings and generating favourable returns. By actively managing our cash resources and leveraging market conditions, we have successfully bolstered our cash position, ensuring liquidity and maximising potential earnings.

The carrying value of fixed assets experienced a substantial increase of 55% from £0.9m to £1.4m. This rise can be attributed to strategic investments made in software development and enhancements. These investments were part of a broader initiative aimed at transforming the company's IT systems and implementing various improvements across technology platforms. A key focus was placed on enhancing our loan underwriting system (Panther) and the introduction of an Auto Eligibility Tool, which plays a crucial role in doing heavy lifting of data on behalf of underwriters.

This continued investment in technology is expected to result in improved operational efficiencies, further enhancing the company's ability to deliver efficient credit decisions and effective customer service.

Through the implementation of mezzanine funding and multiple increases to the senior facility throughout the year, the company experienced a commensurate increase in debt funding balance. The funding level rose by 84% from £177.7m to £326.1m. This increase in funding showcases the company's ability to secure additional financial resources, which will support its ongoing operations and strategic initiatives.

**Operations**

Despite maintaining a consistent headcount, the company achieved a significant increase in originations throughout the year. As of December 30, 2022, JBR Auto Services Limited had 71 full-time employees (compared to 69 in 2021) dedicated to providing administrative services to JBR Capital Limited. On average, there were 72 employees throughout the year, supporting the growth in originations.

The volume of proposals received also experienced substantial growth, surpassing 8,100 proposals in total. This equates to an average of almost 700 proposals per month, with an average loan value of £81,000 and a conversion rate of 42%. This represents a notable increase compared to 2021, which saw 4,800 proposals received, averaging 400 per month, with an average loan value of £78,000 and a conversion rate of 41%.

Continued efforts to enhance service levels have yielded positive results, as demonstrated by a consistent reduction in the time taken from proposal to payout on a month-to-month basis. These steady improvements indicate the company's commitment to providing efficient and timely services to its clients.

Furthermore, JBR has made strategic investments in software development and enhancements as part of its comprehensive initiative to transform its IT systems and introduce various improvements across technology platforms. A particular emphasis was placed on enhancing Salesforce and the Auto Eligibility Tool, which play pivotal roles in streamlining the credit decision-making process. These technological advancements aim to increase operational efficiency and facilitate smoother credit evaluations, ultimately contributing to enhanced customer experiences.

Sales generated through brokers remain the primary driver of overall originations, accounting for 59% of the total. Independent dealers also made a significant contribution at 19%, followed by direct sales at 19%. Franchised dealers constituted 3% of the overall originations.

**Strategic report for the year ended 30 December 2022****Environmental, social and governance (ESG)**

The company remains steadfast in its commitment to fulfilling its environmental, social, and governance (ESG) responsibilities, recognizing that adherence to ESG principles positively impacts our workforce, organisational culture, and decision-making, positioning us as a well-rounded entity prepared for long-term success.

Our ongoing collaboration with Carbon Neutral Britain signifies our dedication to a carbon neutral strategy. In conjunction with this strategy, we actively offset the carbon emissions generated internally by our operations, as well as those arising from the first 5000 miles attributed to the vehicles we finance. Rigorous calculations have been conducted, and subsequent offsets have been implemented for scope 1, 2, and 3 greenhouse gas (GHG) emissions spanning the years 2019 to 2022. To ensure the robustness and credibility of our carbon neutral claim, external certification has been obtained, adhering to ISO 14064 and GHG Protocol Emissions Standard principles, which emphasise relevance, completeness, consistency, transparency, and accuracy in emissions assessment.

In line with our pursuit of a 50% reduction in emissions by 2030, a collective reduction of 47.30 tCO<sub>2</sub>e must be achieved over the forthcoming seven years. This entails an annual reduction rate of 7.14% (equating to 6.75 tCO<sub>2</sub>e) from the 'Baseline' assessment of our organisation. Moreover, to attain a state of Net Zero, an additional annual reduction of 2.5% (2.36 tCO<sub>2</sub>e) becomes necessary. While our Risk Assessment process is currently in the early stages of rollout and development at JBR, we are committed to incorporating climate risks into our overall risk framework as it progresses.

Our partnership with City Harvest London fills us with immense pride. The collaboration represents a sustainable solution to food waste redistribution, aiming to salvage surplus food, uplift individuals, and mitigate environmental harm. City Harvest's annual objective involves the delivery of 14.7 million meals, rescuing 6,174 tonnes of food from wastage, and preventing 23,461 tonnes of greenhouse gas emissions.

Through our alliance with Talent RISE, we sponsor charitable endeavours focused on empowering young individuals facing employment barriers. In close collaboration with Talent RISE, we have successfully established an internship program designed to equip diverse young talent with valuable skills for professional services careers. As evidence of this commitment, JBR has already welcomed two young interns within our Marketing and Credit teams, enabling them to gain practical experience and develop their potential.

Diversity, equity, and inclusion form the bedrock of our colleague-centric culture. We acknowledge that diversity brings forth unique ideas and perspectives, equity ensures a level playing field, and inclusion fosters an environment where our colleagues can authentically express themselves. With a deep commitment to fostering such principles, we have formulated a comprehensive DE&I statement and engage in regular colleague surveys and roundtables. Furthermore, we have laid the groundwork for intensified focus and training in 2023 to strengthen our dedication in this domain.

Our establishment of a formal Learning & Development structure is a testament to our commitment to the growth and advancement of our workforce. By allocating funds to this structure, we ensure that all colleagues have opportunity to enhance their professional skills and explore promising career prospects.

In addition to our comprehensive Risk Management Framework, we have implemented various enhanced policies and practices to strengthen our human resources (HR) management. This includes an updated and comprehensive suite of HR policies, as well as an enhanced employee handbook. We have introduced an improved benefits package and made enhancements to our maternity and leave offerings, ensuring a supportive and inclusive work environment. We participate in global initiatives such as World Food Day, Black History Month, and World Mental Health Day, demonstrating our commitment to social causes and raising awareness on important issues. To prioritise the well-being of our workforce, we have established a dedicated Wellness and Mental Health Committee, which actively promotes mental health initiatives within the organisation.



## Strategic report for the year ended 30 December 2022

### Environmental, social and governance (ESG) (continued)

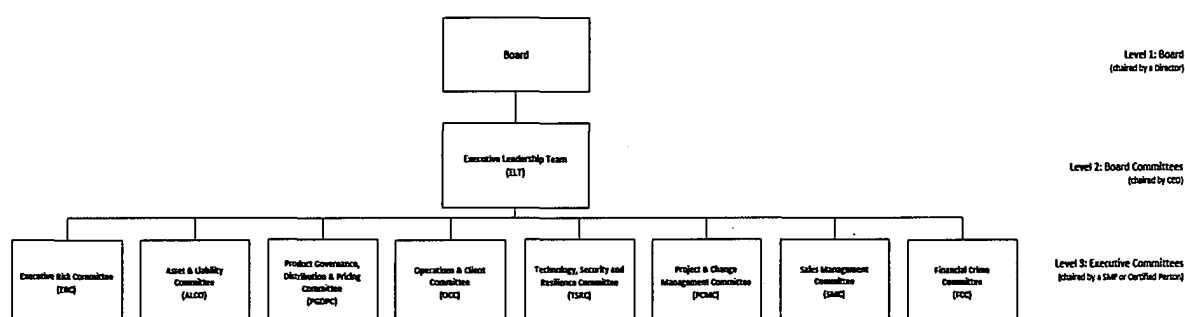
To ensure diversity and inclusion remain a focal point, we have implemented diversity reporting mechanisms and conducted surveys to gauge our progress. Furthermore, we actively seek colleague feedback through our 'townhall' and 'roundtable' sessions, providing valuable opportunities for open and transparent communication. These initiatives collectively contribute to our commitment to fostering a positive and inclusive work culture, driving our efforts towards sustained growth.

### Governance framework

The Company has a robust framework with established principles aligned to strong industry standards and the expectations driven by the Financial Conduct Authority. The Board has a formal schedule of matters for consideration which is set out within the Corporate Governance Framework, and delegates all others to the CEO and the Executive Leadership Team (ELT).

The Chief Executive Officer has established the ELT and its sub-committees to assist in the management of the business, and to implement its strategic aims in an effective and controlled way. The relevant ELT member is accountable to the CEO and the Board for managing performance, the identification and mitigation of risk, and for the Company's strategy, long-term plan and annual budgets.

The structure of the Executive Level Committees can be found below:



A further level of sub-committees and forums exist support the Executive Level Committees

### Corporate governance

#### Board

The Board is the governing body of the Company and meets at least ten times a year. It sets the Company's strategic direction and ensures its long-term success. It also ensures that the necessary financial and human resources are in place for the Company to meet its strategic objectives. It provides leadership of the organisation within a framework of prudent and effective controls which enables risk to be assessed and managed. It also reviews management performance.

#### Board Sub-Committees

The Board has established certain committees to which it has delegated specific powers, duties and decision-making responsibilities:

Executive Leadership Team (ELT): Chair: Chief Executive Officer

The ELT is established under the authority of the Chief Executive and responsible for assisting the Chief Executive in the performance of his duties in respect of the company within the limits of his authority,

**Strategic report for the year ended 30 December 2022****Corporate governance (continued)**

Development and implementation of strategy, operational plans, policies, procedures and budgets;

- Monitoring operating and financial performance;
- Assessing and controlling risk;
- Managing regulatory change, requirements and engagement; and
- Prioritisation and allocation of resources.

**Executive Sub-Committees**

The Chief Executive has established a series of sub-committees to cover the key aspects of the business and/or regulatory expectations.

Executive Risk Committee: Chair: Chief Risk Officer & MLRO

The Committee is responsible for:

- Promoting a risk culture and oversee implementation and maintenance of the Risk Management Framework (RMF);
- Review key risk policies and frameworks including risk appetite statements;
- Ensure the Executive are held to account in ensuring risks are identified, assessed and managed effectively in accordance with the requirements of the RMF;
- Monitor risks on behalf of the ELT;
- Overseeing and monitoring operational risk management and compliance processes;
- Considering key operational risk information such as loss events, emerging risks and control failures;
- Overseeing the maintenance of effective systems and controls to meet regulatory and conduct obligations, and for countering the risk posed to the Company by financial criminals; and
- Reviewing the quality, adequacy, resources, scope and nature of the compliance function, including the annual Compliance Oversight Plan.

Product Governance, Distribution and Pricing Committee: Chair: Chief Commercial Officer

The Product Governance, Distribution & Pricing Committee is responsible for development, approval and monitoring of all product changes, yield, management product value and monitoring the distribution.

Technology, Security and Resilience Committee: Chair: Chief Technology Officer

The Technology, Security and Resilience Committee is tasked with the review and implementation to support the sound management of technology security and operational resilience including cyber security to ensure that technology security and operational resilience strategies, investments and outcomes support the mission, values, and strategic goals of the Company.

Project & Change Management Committee: Chair: Chief Technology Officer

The Project & Change Management Committee is tasked with the review, oversight, approval and prioritisation of all projects across the Company.

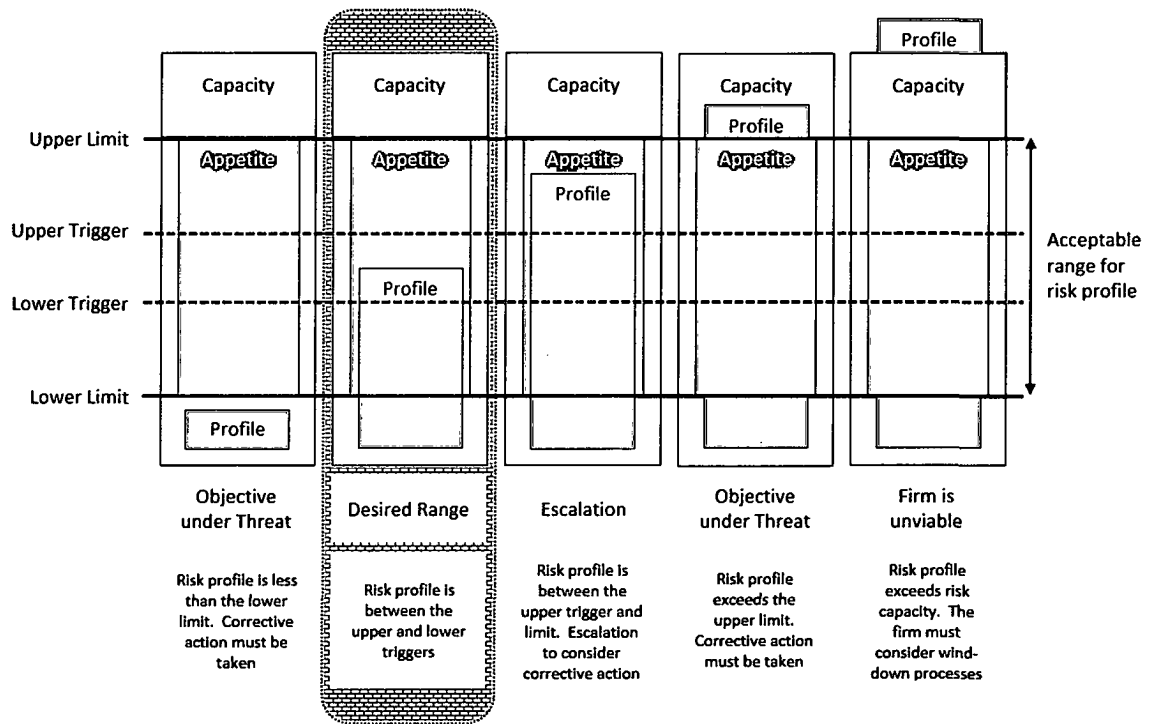
Financial Crime Committee: Chair: Chief Risk Officer & MLRO

The Financial Crime Committee is established to provide review, oversight and approval of all matters in relation to Financial Crime in line with the FCA's Financial Crime Guidance (specifically FCG 2.2.1G (Governance)) and Compliance with FCA's SMCR Prescribed Responsibilities. Key areas of focus are Financial Crime Systems and Controls, Money Laundering & Counter Terrorist Financing, Fraud, Data Security, Bribery & Corruption; and Sanctions.

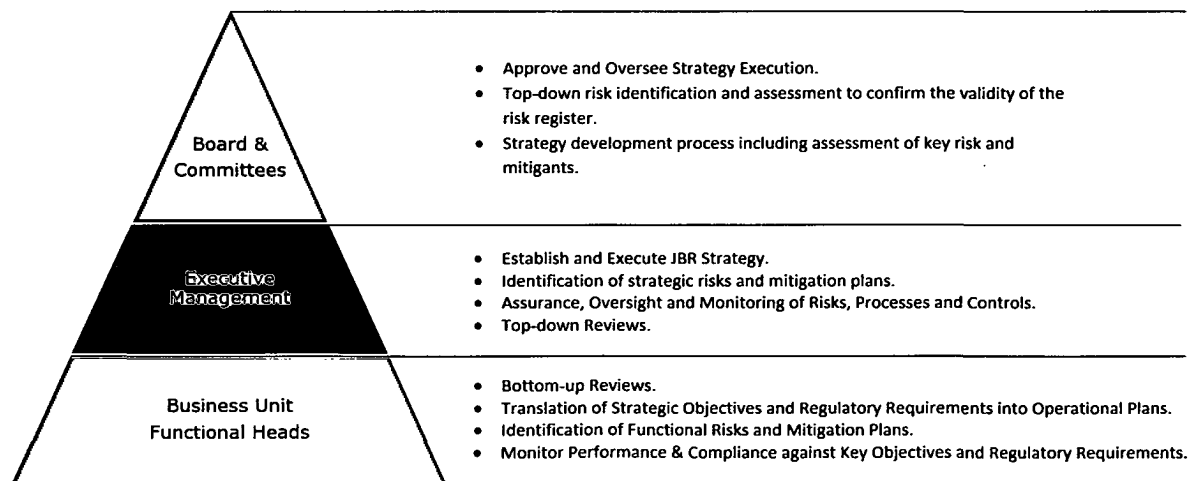
## Strategic report for the year ended 30 December 2022

### Risk management

As a lending business, the management of risk and reward opportunities are core in our approach, with the aim of avoiding exposure of the company to unacceptable high net risks, as well as ensuring prudent lending decisions to minimise our clients exposure under our responsible lending protocols.



We have a detailed framework in place which throughout the year has been subject to continuous evolution. Operational objectives and tone is such that we aim to remain within our desired range and the framework draws closely on The Financial Stability Board's indicators of a Sound Risk Culture.



## Strategic report for the year ended 30 December 2022

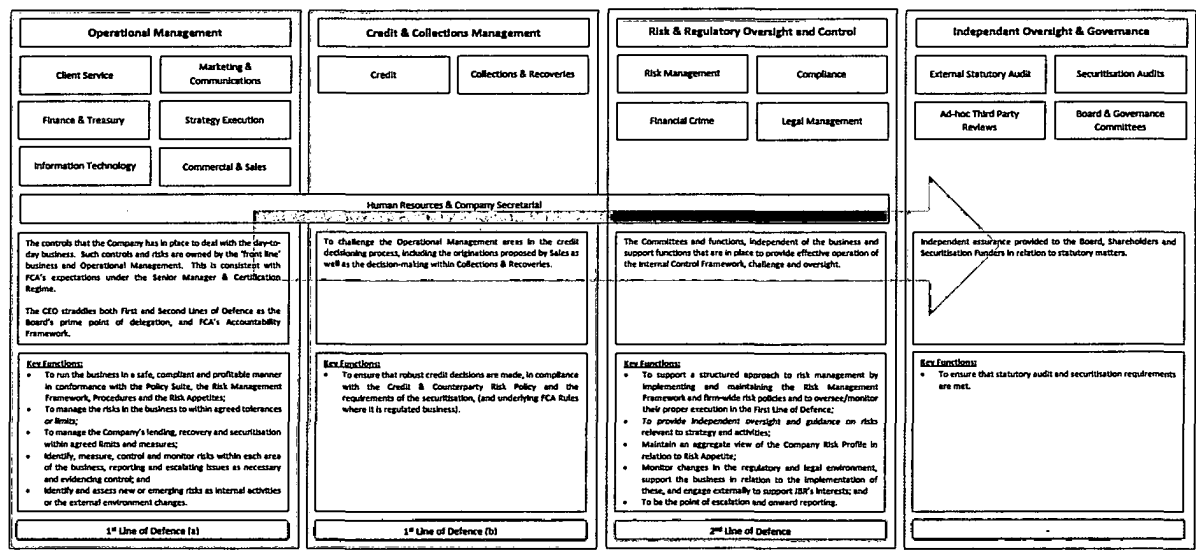
### Risk management (continued)

The Company's Risk Appetite Statement provides a clear mandate for staff by outlining acceptable risk limits within which the business operates:

*The Company will take appropriate but controlled risks to support income and lending book growth to achieve attractive risk-adjusted returns, whilst maintaining its position as a safe and trusted financier of choice by enabling customers to obtain access to vehicle finance in its chosen markets and sectors, with flexible options in a timely, transparent and responsible manner, taking into account the regulatory framework and supported by financial and funding partners, whilst providing superior service and funding outcomes to introducers and brokers which are fair and transparent.*

The Risk Appetite Statement enables the consideration of risk appetite and risk limits at various levels of the organisation. To reinforce the strong risk culture, the Board will oversee senior management's communication of the risk appetite statement throughout the organisation, as well as the establishment of processes that senior management will employ to continually assess and report on the overall risk profile and key individual risk exposure to the Board.

The Board approves the risk appetite and tasks delegated through to the Executive and Executive Leadership Team (ELT), with the overseeing of the implementation management, control and reporting of performance against the risk appetite. The Board and ELT will receive reports on performance relative to risk tolerances and monitor the activities of the business in overseeing the implementation of agreed remediation efforts to address circumstances that expose the Company to excessive risk. Potential breaches of limits will be reported to the appropriate committee so that corrective actions can be determined and implemented.

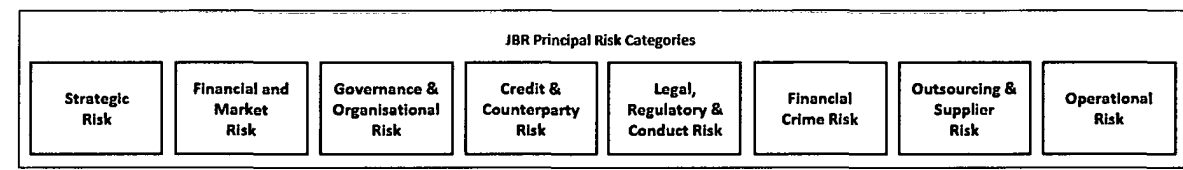


## Strategic report for the year ended 30 December 2022

## Risk management (continued)

## Principal risks and mitigation

The Company are exposed to a variety of risks through our day-to-day operations. These are captured within the Risk Management Framework and the management's view of each risk. This analysis represents our risk position as presented to, and discussed by, the Board as part of its ongoing monitoring of our risk profile. Risk management is mapped through the Company's Policy Suite and through the Executive Sub-Committees within the Governance Structure.

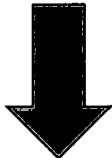


Each principal risk is managed and governed through a detailed policy, which dovetails the Company's overall Risk Management Framework. This summary does not represent a complete statement of all potential risks and uncertainties we face, but rather those which we believe have the potential to have a significant impact on our financial performance and future prospects.

## Strategic report for the year ended 30 December 2022

## Principal risks and mitigation (continued)


## Strategic risk

Description	Appetite	Mitigations	Risk Direction
Strategic risk is the risk of sub-optimal outcomes (including financial loss or reputational damage) arising from the Company's choice of strategies – adverse strategic risk arises from an inability to define and implement appropriate plans; make effective decisions, appropriately allocate scarce resources; or adapt in an adequate timescale to changes in the business environment.	The Company has a low-risk appetite to risks which threaten the ability for the business to reach its stated objectives which includes business sustainability, growth, profitability and shareholder returns.	<ul style="list-style-type: none"> <li>• Strategy and Operating performance of the business and supporting functions is assessed regularly by management through an integrated financial and strategic planning process, operating results review and strategic business plans. The Risk Appetite Statement and Value Creation Plans establish strategic risk measures at the enterprise level.</li> <li>• The annual financial and strategic planning process and ongoing re-forecasting process establishes long-term and shorter-term strategies that are within the risk appetite and evaluates consistency and alignment among strategies.</li> <li>• Operating results are reviewed on a periodic basis during the year to monitor business performance against the financial and strategic plans. These reviews include an evaluation of the short-term strategic priorities and long term strategy including, amongst other factors, operating environment, competitive position, performance assessment, regulatory landscape, initiatives for strategy execution and key business risks.</li> <li>• The level of strategic risk, and adherence to its risk appetite is reviewed by the ELT on a periodic basis, as well as by the Board. Any acquisitions or new products will be assessed for their fit with the Company's strategy and risk appetite in accordance with good corporate and regulatory practices..</li> </ul>	


## Strategic report for the year ended 30 December 2022

## Principal risks and mitigation (continued)

## Financial and market risk

Description	Appetite	Mitigations	Risk Direction
The risk that the Company has insufficient capital or liquidity available in relation to the amount of capital and/or funding to support stressed conditions, normal operations or growth plans, or fails to meet the requirements of the securitisation vehicle; or having insufficient cash or collateral to meet financial obligations and an inability to, in a timely manner, raise funding at a non-distressed price.	The Company has a zero risk appetite for insufficient capital for operating the business or for breaching the requirements of its securitisation.	<ul style="list-style-type: none"> <li>Capital resources are managed in a manner designed so that the Company's capital position can support business strategies under both current and future business operating environments. The Company manages its operations within the capital constraints defined by both internal and securitisation requirements.</li> <li>We adopt a proactive approach to manage funding risk by employing detailed risk metrics to ensure the availability of sufficient funding to meet both current and projected financial obligations. <ul style="list-style-type: none"> <li>Our funding arrangements undergo ongoing scenario analyses to assess stress scenarios. These rigorous evaluations enable us to assess the resilience of our funding capacity under various adverse conditions and ensure readiness to address potential funding shortfalls.</li> </ul> </li> <li>The Executive Team actively monitors the funding landscape, assessing the prevailing situation and future projections. They evaluate appropriate strategies to minimize funding risk through forward planning and proactive measures.</li> </ul>	

## Governance and organisation risk

Description	Appetite	Mitigations	Risk Direction
The risk that the Company's Governance, Processes and Organisational Design does not support the overall corporate objectives, deliver good outcomes to stakeholders or ensure adherence to the expectations of Regulators.	The Company has a low risk appetite for poor governance arrangements and processes, reflecting the importance of strong systems and controls and the FCA's Senior Managers & Certification Regime. Management accepts that in certain situations further enhancements and updating to the arrangements may be required.	<ul style="list-style-type: none"> <li>The Company manages governance risk through the implementation of the Corporate Governance framework, and supported by this Risk Management Framework, policies and mandatory training. The Company has fully implemented the requirements of the SMCR with all Senior Managers and Certification staff being made clear of their accountabilities and responsibilities, levels of delegation and reporting lines. A clear organisation chart exists and each member of staff has a detailed job description setting their responsibilities and limits of authority. This is supported through the work of ELT, the Remuneration Policy and Performance Management Policy.</li> </ul>	

## Strategic report for the year ended 30 December 2022

## Principal risks and mitigation (continued)

## Credit and counterparty risk

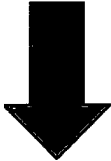
Description	Appetite	Mitigations	Risk Direction
<p>Credit risk is the risk of loss if a borrower or counterparty fails to meet its agreed payment obligations. It is also the risk that the Company makes inappropriate loans to customers or sets inappropriate exposure levels with individual sectors, marques or vehicle types, or that JBR is exposed to excess residual value risk on vehicles.</p>	<p>The Company has a low-risk appetite for credit losses, reflecting the secured nature of its products against the underlying vehicles, as well as robust market analysis and valuations to anticipate vehicle valuation changes and industry trends.</p>	<ul style="list-style-type: none"> <li>• Limits are established to monitor and control customer profile, industry, vehicle manufacturer, vehicle type, lending profile and exposure risks in the lending portfolio in accordance with enterprise-wide policies, which dovetails the requirements laid down by the securitisation vehicle. This is supported with established underwriting guidelines (which include collateral and loan-to-value constraints) along with approved scoring techniques and standards in extending, monitoring, and reporting credit.</li> <li>• Credit scores and decision strategies are used in the origination and ongoing management of new and existing retail credit exposures, consistent with regulatory expectations and acknowledging the limitations of credit reference agency data. Scoring models and decision strategies utilise a combination of borrower attributes, including employment status, existing loan exposure and performance, underlying vehicle information as security as well as external data such as credit bureau information, to determine the amount of credit the Company is prepared to extend to customers and to estimate future credit performance. Material policy exceptions are tracked and reported and material exceptions to policy are escalated through the Credit Committee and the ELT.</li> <li>• In terms of counterparty risk, the Company has in place an Introducer &amp; Broker Onboarding and Oversight Policy to ensure that intermediaries are appropriate, meet Company standards, are suitably regulated and consistent with the FLA Lending Code. There are in place robust procedures and review processes for such intermediaries in place.</li> </ul>	



## Strategic report for the year ended 30 December 2022

## Principal risks and mitigation (continued)


## Legal, regulatory and conduct risk

Description	Appetite	Mitigations	Risk Direction
<p>Legal, Regulatory Compliance and Conduct (LRC) risk is the risk associated with the failure to meet JBR's legal obligations from legislative, regulatory or contractual perspectives, or requirements of fair business conduct or market conduct practices. This includes risks:</p> <ul style="list-style-type: none"> <li>• that a change in laws and regulations will materially affect JBR's business or markets; or</li> <li>• associated with the failure to identify, communicate, and comply with current and changing laws, regulations, rules, regulatory guidance or self-regulatory standards, and codes.</li> </ul>	<p>The Company has a "as low as reasonably practicable" risk appetite for:</p> <ul style="list-style-type: none"> <li>• Breach of legal, regulatory and conduct obligations reflecting that errors will occur but that these should be identified and resolved in a timely manner;</li> <li>• Lending to customers who cannot afford to repay their finance facility in a sustainable manner, and without undue difficulty, or experiencing significant adverse consequences;</li> </ul> <p>The Company has a zero-risk appetite for sustained unfair customer outcomes, either by the Company itself or through its introducer channels.</p>	<ul style="list-style-type: none"> <li>• The proactive and effective management of LRC risk is complex given the breadth and pervasiveness of exposure. The LRC Risk Management Framework applies enterprise-wide to the Company and all employees are responsible for adherence to policy, procedures and controls. This accountability involves assessing the risk, designing and implementing controls, and monitoring and reporting on their ongoing effectiveness to safeguard the businesses from operating outside of the Company's risk appetite. The Compliance department provides objective guidance, and oversight with respect to managing LRC risk.</li> <li>• On an annual basis, the Board approves a risk-based Compliance Oversight Programme which is executed through the Compliance function. Periodic reports are provided to the Board on Compliance activities, including risks, oversight activity, regulatory news and developments. Advice and support are also provided across the business in relation to regulatory change</li> <li>• Finally, the Compliance function create and facilitate communication with Regulators as required as well as actively engage through our Trade Association – the Finance &amp; Leasing Association.</li> </ul>	

## Strategic report for the year ended 30 December 2022

## Principal risks and mitigation (continued)


## Financial crime risk

Description	Appetite	Mitigations	Risk Direction
Financial Crime is the risk of a regulatory, legal, reputational or monetary act or attempt against JBR to steal, defraud, manipulate or circumvent established rules. This can involve non-compliance with specific laws and regulations, or the risk of loss through inadequate financial & business controls.	We have a "as low as reasonably practicable" risk appetite approach to Financial Crime, Money Laundering and Terrorist Financing reflecting the nature of our business, our customer and distribution bases, and our risk-based operational practices and we will not knowingly conduct business with individuals or entities we believe to be engaged in such activity.	<ul style="list-style-type: none"> <li>• We have developed and implemented enterprise-wide fraud management strategies, policies, and practices including the use of prevention, detection and monitoring capabilities, alongside enhanced governance, oversight, and collaboration to protect customers, shareholders, and employees from increasingly sophisticated fraud.</li> <li>• We have in place a Financial Crime Risk Management Policy which sets out a number of Financial Crime Principles, and a Financial Crime Risk Assessment, based around the FCA's Financial Crime Guide. Individual policies around Money Laundering (inc. Sanctions), Anti-Fraud, Anti-Bribery &amp; Corruption, Inducements, Gifts &amp; Hospitality, Prevention of Tax Evasion, Data Protection, Conflicts of Interest &amp; Segregation of Duties. Management of FC Risk is closely aligned to the Risk Management Framework and the Operational Risk Management Policy.</li> <li>• The Company has a separate financial crime function, who report through the Chief Risk Officer &amp; MLRO to the CEO and Board. A formal MLRO report is provided on an annual basis to the Board and monitor FC risks across the business. The function also engages with professional bodies, including membership of the FLA Financial Crime Committee, CIFAS and the London &amp; South-East Fraud Forum.</li> </ul>	

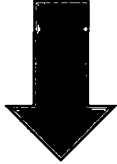
## Strategic report for the year ended 30 December 2022

## Principal risks and mitigation (continued)

## Outsourcing and supplier risk

Description	Appetite	Mitigations	Risk Direction
This is the risk of inappropriate outcomes to JBR and its stakeholders from outsourcing and/or the use of external suppliers.	<p>We have a low-risk appetite for:</p> <ul style="list-style-type: none"> <li>Operational weaknesses and losses as a result of poor supplier performance and/or selection; or</li> <li>Breaches of legal or regulatory expectations as a result of the performance of external vendors.</li> </ul> <p>We have a zero-risk appetite for introducers &amp; brokers who will not operate in line with the Company's requirements, or that of the regulatory framework, and deliver good outcomes to customers on a consistent basis.</p>	<ul style="list-style-type: none"> <li>The Company has in place an Outsourcing &amp; Supplier Risk Management Policy, together with underlying procedures, templates, standardised due diligence questionnaires and approval processes. Where this involves items of a regulatory outsourcing nature, the Compliance Department are also involved and may include such providers as part of the annual Compliance Oversight Programme (on a risk-assessed basis).</li> </ul>	

## Operational risk

Description	Appetite	Mitigations	Risk Direction
Operational risk is the risk of loss and/or reputational damage resulting from inadequate or failed internal processes, staff behaviours and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk.	<p>The Company has a low-risk appetite approach to Operational Risk losses, reflecting that errors will occur, and a zero-risk appetite for losses as a result of poor / undocumented procedures or failure to address/learn from previous operational incidents.</p> <p>We will not accept or transact business with any party where management believes that the operational risk environment means that potential risk cannot be controlled within appetite.</p>	<ul style="list-style-type: none"> <li>The Operational Risk Management Framework outlines the internal risk and control structure to manage operational risk and includes the operational risk appetite, governance processes, and policies. The Operational Risk Management Framework supports alignment with the Company's overall Risk Management Framework and risk appetite statements. The framework incorporates sound industry practices and meets regulatory requirements.</li> <li>Key components of the framework: <ul style="list-style-type: none"> <li>- Value Creation Plan</li> <li>- Governance and Policy</li> <li>- Risk and Control Self-Assessment</li> <li>- Operational Risk Event Monitoring</li> <li>- Scenario Analysis</li> <li>- Risk Reporting</li> <li>- Insurance</li> <li>- Data Management</li> <li>- Business Continuity and Crisis Management</li> <li>- Project Management</li> </ul> </li> </ul>	

**Strategic report for the year ended 30 December 2022****Emerging risks and mitigation****Geopolitical risk**

The ongoing Ukraine conflict and broader geopolitical situation continue to present sensitivity and have a lasting impact on a global scale. Rising costs of living, supply chain disruptions, and food shortages contribute to increased inflationary pressures.

The potential consequences of this continued uncertainty have been evaluated in relation to our principal risks. Where these risks result in heightened risk profiles, they are incorporated into our risk management process and closely monitored.

We recognize the importance of understanding and managing geopolitical risk within the context of our overall risk framework, ensuring that appropriate measures are in place to address potential impacts and safeguard the interests of the company and its stakeholders.

**Macro-economic risks**

The current market volatility persists, making it challenging to accurately predict the potential impact on our industry. Nevertheless, we actively incorporate scenario analysis and stress testing into our daily strategic planning processes. This enables us to assess various possible outcomes and adequately prepare for potential challenges. Throughout the year, we have successfully implemented multiple price increases. Despite these adjustments, we have managed to maintain stable origination levels, demonstrating our ability to navigate market conditions while minimising disruptions.

Our proactive approach to addressing macro-economic risks underscores our commitment to sound financial management and positions us to effectively respond to evolving market dynamics. By closely monitoring and analysing economic trends, we strive to mitigate potential adverse impacts and seize opportunities for sustained growth.

**Affordability risks**

The prevailing cost of living crisis has created a challenging credit environment, characterised by heightened caution. With inflation at its highest level in four decades and projected to outpace wage growth until Q2 2024, households are facing significant financial constraints. This situation also translates into higher costs for businesses, further impacting their operations. Despite these affordability risks, our diligent credit management practices have yielded positive results. We have successfully navigated the challenges and achieved an impressive impairment rate of 0.0% (2021: 0.2%). This reflects our commitment to prudent lending practices and robust risk assessment procedures.

By closely monitoring the evolving economic landscape and considering the potential impact on affordability, we aim to strike the right balance between providing accessible credit and safeguarding the financial well-being of our customers. Our resilient performance in managing affordability risks demonstrates our ability to adapt and make informed decisions in a rapidly changing economic environment.

**Climate change risk**

Climate change and the global response to it pose a significant threat to society and the economy. The risks associated with climate change are multifaceted, stemming from both the physical impacts of climate change itself and the challenges posed by the transition to a lower-carbon economy. These risks have the potential to amplify other financial and non-financial risks, further underscoring the urgency of addressing climate-related issues.

At our company, we recognize the gravity of these risks and are actively developing our approach and disclosures in alignment with accepted and emerging standards. The responsibility for overseeing our

**Strategic report for the year ended 30 December 2022****Emerging risks and mitigation (continued)**

response to climate change risks lies with the Executive Risk Committee and the Leadership Team. As part of our commitment to sustainability, we have commissioned an independent report to assess our greenhouse gas emissions, and we are proactively evaluating the skills and training needs of our personnel to enhance our collective expertise in addressing climate-related challenges. Moreover, we have implemented an annual Environmental, Social, and Governance (ESG) plan, and an annual report is produced to monitor and track our progress.

By embracing the complexities of climate change risks, we are positioning ourselves to navigate the evolving landscape successfully. Our dedicated efforts, robust governance, and ongoing commitment to ESG principles underscore our determination to mitigate climate-related risks and seize opportunities presented by the transition to a sustainable future.

**Post balance sheet events**

JBR made a significant change in its senior funding arrangement. JP Morgan Chase Bank N.A was replaced by Lloyds Bank PLC as one of the two senior funders, improving the company's funding structure and diversifying the geographic risk of its funders.

The company successfully closed its most recent funding facility amends, resulting in an increase in the effective funding rate to 95% of all originations. This enhances the company's funding capacity and supports its continued growth and lending activities.

In terms of hedging instruments, JBR Capital Limited sold its interest rate cap hedges that were in place. The company maintains its commitment to actively manage its risk exposure by using hedge swaps to protect against the rising interest rate environment.

**Stakeholder relationships**

We report here on how the directors have performed their duties under Section 172 of the Companies Act 2006. The Directors must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard (amongst other matters) to the following:

1. The consideration to likely consequences of any decision in the long term,
2. The interest of the company's employees,
3. The need to foster the company's business relationships with suppliers, customers and others,
4. The impact of the company's operations on the community and the environment,
5. The desirability of the company maintaining a reputation for high standards of business conduct,
6. The need to act fairly as between members of the company.

**Consequences of any decision in the long term**

The company's governance structure helps to ensure that the long-term consequences of decisions made are taken into account. The company holds monthly board meetings where strategic decisions are made as well as sub-committees for credit, funding, compliance and risk management.

**Our colleagues and values**

The company and its Directors deeply acknowledge the invaluable contribution made by its employees in driving customer satisfaction and ensuring ongoing success. As a responsible employer, the Company places utmost importance on providing fair and competitive pay and benefits to its workforce. The health, safety, and well-being of employees are paramount considerations, guiding the company's decisions throughout the financial year.

Dedicated to equality and diversity, the company upholds these principles across all aspects of its employment activities, including recruitment, training, career development, and promotion. A steadfast

**Strategic report for the year ended 30 December 2022****Our colleagues and values (continued)**

commitment exists to prevent bias or discrimination in the treatment of employees, fostering an inclusive and supportive work environment.

Creating a conducive and empowering atmosphere where individuals can thrive, both personally and professionally, is a central objective. Recognizing that our people are a key asset, we actively seek their input and feedback through monthly "townhalls" and quarterly colleague engagement surveys. These avenues ensure that every member of our workforce feels valued and contributes to setting cultural expectations. Such feedback serves as a foundation for shaping our people strategy.

Over the past year, the company has implemented several initiatives, including:

- Granting a one-off cost of living payment for colleagues in lower salary bands
- Embracing a blended working approach that offers flexibility and empowers colleagues to strike the right work-life balance
- Developing internal learning and development programs to enhance capabilities
- Launching a manager development program to invest in the growth and advancement of our people

Recognizing the significance of culture in fostering a conducive work environment, the company maintains regular communication channels between senior management, departmental heads, and their teams. This ensures that all employees are well-informed about changes and new project plans. Comprehensive support in terms of training and well-being activities continues to be provided. The company has established committees and appointed "Wellness Champions" within the organisation, leading social initiatives, promoting mental health awareness and outreach programs, driving colleague-led charity programs, and partnering with local charitable organisations to enhance community engagement. These efforts reflect our commitment to making a positive impact on the local community. By prioritising our people and cultivating a thriving culture, the company underscores its dedication to the well-being and development of its employees, fostering a harmonious and motivated workforce.

**Fostering business relationships with suppliers, customers and others**

The company's success as a service-based business hinges on the strength of its relationships with the entities it interacts with. Business development managers actively collaborate with introducers to gain deeper insights into their needs and how the company can provide enhanced support. Leveraging innovative technology solutions, the company ensures that it can effectively meet the requirements of its partners. This customer-centric approach, coupled with user-friendly technology and a risk-weighted pricing structure, enables the company to deliver a high-quality service and make its products accessible to a diverse customer base.

Recognizing the significance of maintaining open and transparent relationships, the directors prioritise engagement with regulators, trade bodies, and government authorities. The Senior Managers Certification Regime is thoroughly integrated across the business, promoting accountability and responsible conduct. The Board of Directors closely oversees conduct measures to ensure compliance and uphold ethical standards. The company's commitment to nurturing strong business relationships underscores its dedication to delivering exceptional service, facilitating growth, and adhering to regulatory requirements.

**Company reputation for high standards of business conduct**

Maintaining a reputation for exemplary business conduct is of paramount importance to the Board. As stewards of the Company, the Board assumes responsibility for establishing, overseeing, and upholding a culture characterised by high ethical standards, values, and professionalism. By doing so, the Board ensures that the Company fulfils its obligations to shareholders, employees, customers, and other stakeholders.

Management plays a vital role in ingraining the desired culture throughout the organisation. It is tasked

**Strategic report for the year ended 30 December 2022****Company reputation for high standards of business conduct (continued)**

with fostering an environment where ethical behaviour and adherence to the Company's policies are deeply embedded. The Executive leadership team takes on the responsibility of monitoring and promoting compliance with corporate governance principles, reinforcing the Company's commitment to maintaining the highest standards of business conduct. By prioritising ethical practices and promoting a culture of integrity, the Company seeks to safeguard its reputation as a trusted and responsible entity. Upholding strong business conduct standards not only fulfils its obligations to various stakeholders but also cultivates an environment of trust, ensuring long-term sustainable growth and maintaining the confidence of investors, employees, and customers alike.

**Acting fairly between members of the company**

The Company recognizes the importance of equitable treatment and fostering harmonious relationships among its members. CS Capital Partners IV LP, as the ultimate owner of the company, maintains a close and collaborative partnership with the company. To ensure transparency and effective communication, representatives from CS Capital Partners IV LP are actively involved as members of the company's Board of Directors. In line with the principles of fairness and accountability, the company consistently provides comprehensive and up-to-date management information. This includes detailed reports on the company's performance, costs, project advancements, challenges, and new initiatives. By maintaining open channels of communication and providing timely information, the Company promotes a fair and equitable environment with mutual understanding and informed decision-making.

The company's commitment to acting fairly between its members, including its ultimate owner, is rooted in its dedication to good corporate governance practices. By fostering strong relationships and ensuring transparent information sharing, the company strives to build trust, enhance collaboration, and create a solid foundation for the collective success of all its members.

**Strategic report for the year ended 30 December 2022****Future developments and outlook for 2023**

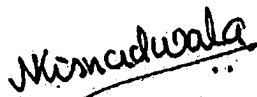
The Directors have a positive outlook for the Company's future and anticipate continued growth in origination levels. This optimistic outlook is supported by the recent achievement of securing a mezzanine funding facility, which will provide the necessary equity to fund projected originations well into 2023 and beyond.

With the expectation of increasing originations and expanding the network of dealers, the company remains committed to its successful strategy of originating high-quality assets. For anticipated growth, capacity planning will be a priority across all departments, ensuring that the company is well-equipped to handle the increased workflow demands. Investment in technology will also play a crucial role in facilitating quicker underwriting decisions.

Recognizing the importance of exceptional customer service, the company plans to augment its operational capabilities by increasing the headcount. This strategic expansion will enable the company to maintain its commitment to delivering exceptional customer experience while scaling operations.

Overall, the long-term prospects for JBR are highly favourable. The combination of targeted growth, sound financial support, and strategic investments in technology and personnel, position the company for continued success in the future.

**On behalf of the Board**



**N V Kisnadwala**

**Director**

**Date: 17<sup>th</sup> July 2023**



**Directors' report for the year ended 30 December 2022**

The directors present their report and the audited financial statements for the company for the year ended 30 December 2022.

**Business review**

Information regarding the business review and future developments, key performance indicators and principal risks are contained within the Strategic Report.

**Results**

The results for the year are set out in the income statement. The loss before tax for the year ended 30 December 2022 was £3.1m (2021: £3.5m). A review of the financial performance of the company is included within the Strategic Report.

**Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend (2021: £Nil) in respect of the year ended 30 December 2022 and the loss 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. 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. Capital resources are managed in a manner designed so that the Company's capital position can support business strategies under both current and future business operating environments.

The Company manages its operations within the capital constraints defined by both internal and securitisation requirements. We adopt a proactive approach to manage funding risk by employing detailed risk metrics to ensure the availability of sufficient funding to meet both current and projected obligations:

- Our funding arrangements undergo ongoing scenario analyses to assess stress scenarios. These rigorous evaluations enable us to assess the resilience of our funding capacity under various adverse conditions and ensure readiness to address potential funding shortfalls.
- The Executive Team actively monitors the funding landscape, assessing the prevailing situation and future projections. They evaluate appropriate strategies to minimise funding risk through forward planning and proactive measures.

**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 3. N Lloyd was appointed on 19 July 2022.

**Share capital**

At 30 December 2022, the Company's share capital comprised 100 (2021: 100) ordinary shares of £1 each. The Company did not repurchase any of the issued ordinary shares during the twelve months ended 30 December 2022 or up to the date of this report.

**Rights and obligations attaching to shares**

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital. There are no restrictions on the transfer of the Company's ordinary shares or on the exercise of the voting rights attached to them. All the Company's ordinary shares are fully paid.

**Directors' report for the year ended 30 December 2022****Interest of the company's employees**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, age, disability, sexual orientation or marital or civil partner status. The Company is committed to pursuing equality and diversity in all its employment activities including recruitment, training, career development and promotion and ensuring there is no bias or discrimination in the treatment of its employees. Staff are consulted regularly about changes which may affect them and feedback is sought throughout this communication process as well as via regular one to one and other feedback sessions, colleague engagement surveys and 'townhalls'. The Company is building on solid foundations to embed its vision and values into everyday culture and distributes quarterly surveys to ensure there is regular insight as to how colleagues feel and what issues and changes need focus.

**Directors**

The names of the current Directors who served on the Board and changes to the composition of the Board that have occurred during 2022 and up to date of this report are provided on page 3.

**Appointment and retirement of Directors**

The appointment and retirement of the Directors is governed by the company's Articles of Association and the Companies Act 2006. The company's Articles of Association may only be amended by a special resolution by shareholders at a general meeting.

**Director's indemnities**

The company's Article of Association provide that the company may indemnify any Director or former Director of the company or an associated company against any liability and may purchase and maintain for any Director of the company or any associated company insurance against any liability. The company has maintained Directors' and Officers' liability insurance throughout 2022.

**Research and development activities**

The company does not undertake formal research and development activities. However, new products and services are developed in accordance with the company's product and pricing governance framework. Under this framework, all new products would be reviewed and approved by the company's Product Development and pricing Committee.

**Going concern**

The financial statements have been prepared on the going concern basis as the Directors of the Company are satisfied that the Company has adequate resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements) and that there are no material uncertainties to disclose. In making this assessment, the Directors have considered a wide range of information and the impact of the current cost of living economic conditions on the current state of balance sheet, future projections of profitability, cash flows and capital resources, operational resilience and the longer-term strategy of the business.

In particular, the Directors have considered the following:

- The impact on the company's profitability from future increases in expected credit losses. The Directors considered revised macro-economic and funding scenarios;
- Sufficiency of headroom over minimum funding requirements for liquidity and capital, including the ability of the company to access sources of additional liquidity and/or capital if required;

**Directors' report for the year ended 30 December 2022**

- The plans for further improving the operational resilience of the company including information security, information technology, supplier management and people. These improvements are planned as part of ongoing investment activity in the company.

During 2022, the company has entered into a new mezzanine facility which provides a funding platform to continue to grow, with a total commitment of up to £45m.

The Directors of the company, have prepared financial projections covering the year to 30 December 2024. These forecasts have been prepared on the basis of the current status of the increased banking facilities with improved terms as described above and also taking into account the new mezzanine funding facility and improved terms. The forecasts also take into account the continued availability of confirmed finance facilities from the senior funders and demonstrate that the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. The terms of the loan from the parent company were renegotiated with the redemption date extended to 1 February 2025. The company operates solely in the United Kingdom and has not been directly impacted by changes to trading arrangements with the EU and the rest of the world resulting from the United Kingdom's withdrawal from the EU on 31 January 2020. However, the directors continue to monitor any potential impacts in the wider financial market and supply chain.

The directors therefore continue to adopt the going concern basis in preparing the group and company's financial statements.

**Environmental performance**

Underpinning this business model is a focus on the company's Environmental, Social & Governance (ESG) program which recognises the potential impact of financed vehicles on the environment. The company is committed to following the Oxford Principles of a Net Zero Aligned Carbon Offsetting, and by utilising Carbon Neutral Britain UK, the company has offset both the company's direct emissions and those of its customers for the first 5,000 miles of driving (the average annual mileage of customers).

**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 group and the company 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, 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 group and company and of the profit or loss of the group 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 group and company will continue in business.

**Directors' report for the year ended 30 December 2022**

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

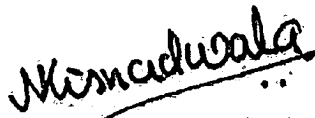
**Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP at address: 7 More London Riverside, London, SE12RT, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**On behalf of the Board**

**N V Kisnadwala**  
Director

**Date: 17<sup>th</sup> July 2023**

**Consolidated statement of comprehensive income for the year ended 30 December 2022**

	Note	2022 £000	2021 £000
Interest receivable and similar income	5	18,447	12,299
Other fee income		165	303
<b>Total revenue</b>		<b>18,612</b>	<b>12,602</b>
Interest payable and similar expenses	6	(12,965)	(7,374)
Fair value gain on derivatives		1,781	-
<b>Net interest and fee income</b>		<b>7,428</b>	<b>5,228</b>
Administrative expenses	7	(10,462)	(8,740)
<b>Loss before taxation</b>	8	<b>(3,034)</b>	<b>(3,512)</b>
Tax on loss	9	(66)	(58)
<b>Loss for the financial year</b>		<b>(3,100)</b>	<b>(3,570)</b>
Other comprehensive income		-	-
<b>Total comprehensive expense for the year</b>		<b>(3,100)</b>	<b>(3,570)</b>

**Consolidated and company balance sheets as at 30 December 2022**

Registered number: 07520989

	Notes	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
<b>Fixed assets</b>					
Intangible assets	10	1,206	1,206	633	633
Tangible assets	10	231	231	294	294
		<b>1,437</b>	<b>1,437</b>	<b>927</b>	<b>927</b>
<b>Non-current assets</b>					
Debtors: amounts falling due after one year	11	280,322	280,322	150,938	150,938
<b>Current assets</b>					
Debtors: amounts falling due within one year	11	61,817	58,288	49,191	49,245
Cash at bank and in hand		28,984	5,859	21,831	973
		<b>90,801</b>	<b>64,147</b>	<b>71,022</b>	<b>50,218</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(58,556)</b>	<b>(53,641)</b>	<b>(46,220)</b>	<b>(41,023)</b>
<b>Net current assets</b>		<b>32,245</b>	<b>10,506</b>	<b>24,802</b>	<b>9,195</b>
<b>Total assets less current liabilities</b>		<b>314,004</b>	<b>292,265</b>	<b>176,667</b>	<b>161,060</b>
<b>Non-current liabilities</b>					
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(317,310)</b>	<b>(295,571)</b>	<b>(176,939)</b>	<b>(161,332)</b>
Provisions for liabilities	16	(194)	(194)	(128)	(128)
<b>Net assets/(liabilities)</b>		<b>(3,500)</b>	<b>(3,500)</b>	<b>(400)</b>	<b>(400)</b>
<b>Capital and reserves</b>					
Called up share capital	18	-	-	-	-
Profit and loss account		(3,500)	(3,500)	(400)	(400)
<b>Total Equity</b>		<b>(3,500)</b>	<b>(3,500)</b>	<b>(400)</b>	<b>(400)</b>

The financial statements on pages 29 to 48 were approved and authorised for issue by the Board of Directors on 17<sup>th</sup> July 2023 and were signed on its behalf by:



**N V Kisnadwala**  
Director

**Consolidated statement of changes in equity for the year ended 30 December 2022**

	Called up share capital	Profit and loss account	Shareholders , funds/(deficit)
	£000	£000	£000
Balance as at 31 December 2020	-	3,170	3,170
Loss for the financial year	-	(3,570)	(3,570)
<b>Total comprehensive expense for the year</b>	-	<b>(3,570)</b>	<b>(3,570)</b>
Capital contribution	-	-	-
<b>Total transactions with owners recognised directly in equity</b>	-	-	-
<b>Balance as at 30 December 2021</b>	-	<b>(400)</b>	<b>(400)</b>
Balance as at 31 December 2021	-	(400)	(400)
Loss for the financial year	-	(3,100)	(3,100)
<b>Total comprehensive expense for the year</b>	-	<b>(3,100)</b>	<b>(3,100)</b>
Capital contribution	-	-	-
<b>Total transactions with owners recognised directly in equity</b>	-	-	-
<b>Balance as at 30 December 2022</b>	-	<b>(3,500)</b>	<b>(3,500)</b>

All results are from continuing operations.

## Consolidated cash flow statement for the year ended 30 December 2022

	2022 £000	2021 £000
Loss after taxation	(3,100)	(3,570)
Tax on Loss	66	58
<b>Loss before taxation</b>	<b>(3,034)</b>	<b>(3,512)</b>
<b>Adjusted for</b>		
Depreciation of tangible assets	91	65
Loss on sale of tangible fixed assets	-	-
Amortisation of intangible assets	253	179
Working capital movements		
Increase in debtors	(4,290)	(1,165)
Increase/(decrease) in creditors	1,461	(814)
Net (increase) in loans and advances to customers	(137,720)	(31,138)
Non-cash interest	2,810	4,042
<b>Cash outflow from operating activities</b>	<b>(140,429)</b>	<b>(32,343)</b>
<b>Tax refunded / (paid)</b>	<b>-</b>	<b>80</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible assets	(28)	(171)
Purchase of intangible assets	(826)	(363)
<b>Total</b>	<b>(854)</b>	<b>(534)</b>
<b>Financing activities</b>		
Proceeds from debt	148,436	39,418
Proceeds from group company debt	-	2,000
<b>Total</b>	<b>148,436</b>	<b>41,418</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,153</b>	<b>8,621</b>
Cash and cash equivalents at the beginning of the year	21,831	13,210
<b>Cash and cash equivalents at the end of the year</b>	<b>28,984</b>	<b>21,831</b>



## Consolidated cash flow statement for the year ended 30 December 2022

## Reconciliation of net debt

	At 30 December 2021 £000	Cash flows £000	Non cash movements £000	At 30 December 2022 £000
Cash at bank and in hand	21,831	7,153	-	28,984
Loans	(220,155)	(148,436)	(2,810)	(371,401)
<b>Net debt</b>	<b>(198,324)</b>	<b>(141,283)</b>	<b>(2,810)</b>	<b>(342,417)</b>

Non-cash movements relate to the accruing of non-cash interest.

## Reconciliation of net debt

	At 31 December 2020 £000	Cash flows £000	Non cash movements £000	At 30 December 2021 £000
Cash at bank and in hand	13,210	8,621		21,831
Loans	(174,695)	(41,418)	(4,042)	(220,155)
<b>Net debt</b>	<b>(161,485)</b>	<b>(32,797)</b>	<b>(4,042)</b>	<b>(198,324)</b>

**Notes to the financial statements for the year ended 30 December 2022****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 the United Kingdom. The address of its registered office is 773 Finchley Road, London, England, NW11 8DN. JBR Capital Holdings, the groups Holding company, is also incorporated and domiciled in the England, United Kingdom and shares the same registered address.

**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.

**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.

The directors of the company, and the group of which it is part, have prepared financial projections covering the year to 30 December 2024 along with sensitivity analyses of reasonably plausible alternative outcomes. These forecasts have been prepared on the basis of the current status of the banking facilities as described in the Strategic Report and also take account the recovery of loans and the level of the future cost base. The forecasts demonstrate that the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the company's financial statements.

The consolidated financial statements include balances relating to JBR Capital DD Limited, a special purpose vehicle over which JBR Capital Limited have ownership of the risks and rewards. The only material balances included within the consolidated financial statements in respect of JBR Capital DD Limited relate to cash at bank and in hand balances.

**Notes to the financial statements for the year ended 30 December 2022****3 Summary of significant accounting policies (continued)****Basis of consolidation**

The Group consolidates the financial statements of the company and all its subsidiary undertakings drawn up to 30 December each year. The Group has entered into securitisation transactions in which it sells receivables to a special purpose vehicle ("SPV"). An SPV is regarded as a subsidiary where the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to affect those returns. In accordance with IAS39 Financial Instruments: Recognition and Measurement, the Group continues to recognise securitised assets as receivables because the terms of the securitisation transactions do not meet the de-recognition criteria set out in the standard. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**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. 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.

**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.

**Notes to the financial statements for the year ended 30 December 2022****3 Summary of significant accounting policies (continued)**

At the end of each reporting year 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, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. The initial reduction in the liability is recognised in equity as a capital contribution.

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 applies 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 including:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default (90 days past due) or delinquency on payments of

**Notes to the financial statements for the year ended 30 December 2022****3 Summary of significant accounting policies (continued)**

- 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.

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.

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 year on which the historical loss experience is based and to remove the effects of conditions in the historical year that do not exist currently.

**3.5 Borrowing costs**

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

**Notes to the financial statements for the year ended 30 December 2022****3 Summary of significant accounting policies (continued)**

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% on cost
Office equipment	- 10% - 33.3% on cost
Fixtures and fittings	- 20% - 33.3% on cost
Motor vehicles	- 20% - 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 3 to 5 years.

**3.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions. 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 tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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.

**Notes to the financial statements for the year ended 30 December 2022****3 Summary of significant accounting policies (continued)***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 Administration Expenses**

Administration expenses are recognised through profit and loss on an accruals basis.

**3.12 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.

**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. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

**4.1 Special Purpose Vehicle Consolidation**

The primary management judgement around the consolidation of an SPV into the Group is whether it is deemed that the Group exerts control over the SPV. If the structure of a transaction leads to the Group having control over the SPV it will be consolidated into the Group. The Group assesses each transaction in comparison to requirements to consolidate the new entity or not. Indicators that the Group are in control of the entity include direct ownership, power over decision making of the entity or exposure or rights to the risks and returns of the entity or that activities are being performed on behalf of the Group.

**4.2 Key accounting estimates and assumptions**

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. The judgements and assumptions that are considered to be the most important to the portrayal of the company's financial condition and impact the results for the current year and future reporting years are those relating to loan impairment provisions.

**Expected loan losses** - The company recognizes the importance of accounting for expected loan losses and maintains an allowance to cover such losses. To assess the likelihood of default on each loan, the company employs a Probability of Default (PD) model. This model utilises objective evidence and current borrower characteristics, with a particular focus on the value of the security held (typically the financed vehicle) when the borrower is facing financial difficulties. To estimate the value of the vehicle, forecasted annual depreciated valuations are interpolated, and these values are further adjusted based on the vehicle type to incorporate stress factors.

In a default scenario, the recovery rate is calculated by considering two key factors: home ownership and disposable income. These factors play a significant role in determining the potential recovery amount. The assessment of expected loan losses is performed as of the Balance Sheet date using the most up-to-date information available to minimise the risk of error.

## Notes to the financial statements for the year ended 30 December 2022

**5 Interest receivable and similar income**

Interest receivable and similar income includes the following:

	2022 £000	2021 £000
Finance lease interest	18,447	12,299

**6 Interest payable and similar expenses**

	2022 £000	2021 £000
Bank interest	10,155	3,332
Interest on group loans and amounts owed to related parties	2,810	4,042
	12,965	7,374

**7 Administration Expenses**

	2022 £000	2021 £000
Employee admin fee	6,683	5,571
Legal and Other Professional Fees	1,133	1,008
Marketing Costs	487	350
Rent and Premises Costs	209	181
Depreciation and amortisation	344	243
Bad Debt Provision	52	316
Credit Costs	309	238
IT, Communication and Hosting Costs	651	414
Other Costs	594	417
	10,462	8,740

**8 Loss before taxation**

	2022 £000	2021 £000
Loss before taxation is stated after charging:		
Operating lease charges	142	127
Amortisation of intangible assets	253	179
Depreciation – owned assets	90	65
Loan impairment charge	52	316
Auditors' remuneration	66	55
Non-audit fees – other assurance	46	35



## Notes to the financial statements for the year ended 30 December 2022

## 9 Tax on loss

The tax charge on the loss for the year was as follows:

	2022 £000	2021 £000
Current tax:		
UK corporation tax on loss for the year	-	-
Prior year adjustment	-	2
<b>Total current tax</b>	<b>-</b>	<b>2</b>
Deferred tax	2022 £000	2021 £000
Origination and reversal of timing differences	139	69
Prior year adjustment	(73)	(13)
Changes in tax rate	-	-
<b>Total deferred tax</b>	<b>66</b>	<b>56</b>
<b>Tax on loss</b>	<b>66</b>	<b>58</b>

## Factors affecting the tax charge

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The difference is explained below:	2022 £000	2021 £000
Loss before taxation	(3,034)	(3,512)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(576)	(667)
Effects of:		
Expenses not deductible for tax purposes	43	56
Other movements	-	(8)
Prior year adjustment	(73)	(12)
Group relief surrendered for no payment	639	651
Changes in tax rate	33	38
<b>Total tax (credit)/charge</b>	<b>66</b>	<b>58</b>

## 10 Fixed assets

## Group and Company

## Intangible assets

	Software £000
<b>Cost</b>	
At 31 December 2021	1,817
Additions	826
<b>At 30 December 2022</b>	<b>2,643</b>
<b>Accumulated Amortisation</b>	
At 31 December 2021	1,184
Charge for the year	253
<b>At 30 December 2022</b>	<b>1,437</b>
<b>Net book value</b>	
<b>At 30 December 2022</b>	<b>1,206</b>
At 30 December 2021	633

# Notes to the financial statements for the year ended 30 December 2022

## 10 Fixed assets (continued)

					Software
Intangible assets					£000
<b>Cost</b>					
At 31 December 2020					1,454
Additions					363
Released on Disposal					-
<b>At 30 December 2021</b>					<b>1,817</b>
<b>Accumulated Amortisation</b>					
At 31 December 2020					1,005
Charge for the year					179
Released on Disposal					-
<b>At 30 December 2021</b>					<b>1,184</b>
<b>Net book value</b>					
<b>At 30 December 2021</b>					<b>633</b>
At 30 December 2020					449

Tangible assets					
	Leasehold improvements	Office equipment	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 31 December 2021	233	208	103	67	611
Additions	-	26	1	-	27
<b>At 30 December 2022</b>	<b>233</b>	<b>234</b>	<b>104</b>	<b>67</b>	<b>638</b>
<b>Accumulated depreciation</b>					
At 31 December 2021	108	122	85	2	317
Charge for the year	25	42	10	13	90
<b>At 30 December 2022</b>	<b>133</b>	<b>164</b>	<b>95</b>	<b>15</b>	<b>407</b>
<b>Net book value</b>					
<b>At 30 December 2022</b>	<b>100</b>	<b>70</b>	<b>9</b>	<b>52</b>	<b>231</b>
At 30 December 2021	125	86	18	65	294

	Leasehold improvements	Office equipment	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 31 December 2020	233	104	103	-	440
Additions	-	104	-	67	171
Released on Disposal	-	-	-	-	-
<b>At 30 December 2021</b>	<b>233</b>	<b>208</b>	<b>103</b>	<b>67</b>	<b>611</b>
<b>Accumulated depreciation</b>					
At 31 December 2020	83	100	69	-	252
Charge for the year	25	22	16	2	65
Released on Disposal	-	-	-	-	-
<b>At 30 December 2021</b>	<b>108</b>	<b>122</b>	<b>85</b>	<b>2</b>	<b>317</b>
<b>Net book value</b>					
<b>At 30 December 2021</b>	<b>125</b>	<b>86</b>	<b>18</b>	<b>65</b>	<b>294</b>
At 30 December 2020	150	4	34	-	188

## Notes to the financial statements for the year ended 30 December 2022

## 11 Debtors

	Group 2022	Company 2022	Group 2021	Company 2021
	£000	£000	£000	£000
<b>Amounts falling due after one year:</b>				
Loans and advances to customers	280,322	280,322	150,925	150,925
Derivative financial instruments	-	-	13	13
	<b>280,322</b>	<b>280,322</b>	<b>150,938</b>	<b>150,938</b>
<b>Amounts falling due within one year:</b>				
Amounts owed by group undertakings	1,700	1,700	1,270	1,270
Loans and advances to customers	55,874	55,874	47,550	47,550
Derivative financial instruments	3,595	-	4	4
Other Debtors	355	359	144	146
Prepayments and accrued income	293	355	223	275
Corporation Tax	-	-	-	-
	<b>61,817</b>	<b>58,288</b>	<b>49,191</b>	<b>49,245</b>
<b>Total debtors</b>	<b>342,139</b>	<b>338,610</b>	<b>200,129</b>	<b>200,183</b>

	2022 £000	2021 £000
Allowances for losses on loans – Opening Balance	2,564	2,718
Provision for bad debts	472	316
Write-off of loans	-	(470)
<b>Closing Balance</b>	<b>3,036</b>	<b>2,564</b>

## Notes to the financial statements for the year ended 30 December 2022

## 11 Debtors (continued)

Loans and advances to customers	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Advances under hire purchase contracts and finance leases	339,232	10,787	201,039	8,986
Gross loans and advances to customers	339,232	10,787	201,039	8,986
Less allowances for losses on loans	(3,036)	(3,036)	(2,564)	(2,564)
Net loans and advances to customers	336,196	7,751	198,475	6,422
Of which:				
Due within one year	55,874	5,331	47,550	4,417
Due after one year and no later than five years	280,322	2,420	150,925	2,005
	336,196	7,751	198,475	6,422

Loans and advances to customers are analysed as follows:

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Gross investment:				
- no later than one year	82,081	5,331	60,700	4,417
- later than one year, no later than five years	324,880	2,420	169,544	2,005
	406,961	7,751	230,244	6,422
Unearned future finance income	(70,765)	-	(31,769)	-
Net investment	336,196	7,751	198,475	6,422

The company provides lease products in connection with the financing of motor vehicles. The agreements typically run for periods of between three and five years. The allowance for uncollectible hire purchase receivables included in the allowance for losses is £3.03m (2021: £2.56m). 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.

## 12 Creditors: amounts falling due within one year

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Bank loans and overdrafts (see note 14)	54,093	-	43,216	-
Deemed Loan to SPV	-	50,353	-	38,267
Trade creditors	545	545	339	339
Amounts owed to group undertakings	2,181	2,181	1,920	1,920
Corporation Tax	1	1	1	1
Accruals and deferred income	1,736	561	744	496
	58,556	53,641	46,220	41,023

## Notes to the financial statements for the year ended 30 December 2022

## 13 Creditors: amounts falling due after more than one year

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Bank loans and overdrafts (see note 14)	271,992	-	134,432	-
Deemed Loan to SPV	-	250,253	-	118,825
Amounts owed to group undertakings	45,318	45,318	42,507	42,507
	<b>317,310</b>	<b>295,571</b>	<b>176,939</b>	<b>161,332</b>

The amounts owed to group undertakings bear interest at a fixed rate of 8.1% weighted average, are unsecured and are due for repayment in 2025.

## 14 Loans

Group

An analysis of the maturity of loans is given below:

	2022 £000	2021 £000
Amounts falling due within one year		
Bank Loans	54,093	43,216
	<b>54,093</b>	<b>43,216</b>
Amounts falling due between one and five years:		
Bank Loans	271,992	134,432
	<b>326,085</b>	<b>177,648</b>

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 operating leases

At 30 December 2022, the company had commitments to the following future minimum lease payments under non-cancellable operating leases expiring as follows:

Payments due:

Group and Company	2022 £000	2021 £000
Not later than one year	153	144
Later than one year and not later than five years	671	585
<b>Total</b>	<b>824</b>	<b>729</b>

## Notes to the financial statements for the year ended 30 December 2022

## 16 Provisions for liabilities

## Group and Company

	2022 £000	2021 £000
Deferred tax liability	194	128

The deferred tax liability is summarised below:

	2022 £000	2021 £000
Losses	-	(31)
Accelerated capital allowances	209	178
Other timing differences	(15)	(19)
Deferred tax liability	194	128

The movement on deferred taxation in the year is as follows:

	£000
At 31 December 2021	128
Charged to profit and loss account	139
Adjustments in respect of prior years	(73)
At 30 December 2022	194

	£000
At 31 December 2020	72
Charged to profit and loss account	69
Adjustments in respect of prior years	(13)
At 30 December 2021	128

## 17 Financial instruments

## Group

	2022 £000	2021 £000
Financial assets at fair value through profit or loss	3,594	17
Financial assets that are debt instruments measured at amortised cost	338,545	200,112
Financial liabilities measured at amortised cost	375,866	223,159

## Company

	2022 £000	2021 £000
Financial assets at fair value through profit or loss	-	17
Financial assets that are debt instruments measured at amortised cost	338,635	200,166
Financial liabilities measured at amortised cost	351,025	202,355

## 18 Called up share capital

	2022	2021
Allotted and fully paid:		
100 (2021: 100) ordinary shares of £1 each	100	100

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

## Notes to the financial statements for the year ended 30 December 2022

## 19 Employees and Directors

All of the employees within the JBR Capital Limited group are employees of JBR Auto Services Limited, and the costs are charged by that company.

## Employees and directors

Staff including directors' remuneration was as follows:

	2022 £000	2021 £000
Wages and salaries	5,261	4,294
Social security costs	685	543
Other pension costs	143	110
	<b>6,089</b>	<b>4,947</b>

The average monthly number of employees during the year was as follows:

	2022 Number	2021 Number
Administration	62	50
Selling and distribution	9	9
	<b>71</b>	<b>59</b>

## Directors' emoluments

The directors' emoluments were as follows:

	2022 £000	2021 £000
Directors' emoluments	1,020	804
Company contributions to defined contribution pension schemes	18	13
	<b>1,038</b>	<b>817</b>

The highest paid director received remuneration of £0.47m (2021: £0.43m).

No contribution paid to a defined contribution pension scheme in respect of the highest paid director (2021: £nil).

## 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.

## 20 Subsidiaries

JBR Capital Limited does not hold any investments in equity holdings.

JBR Capital Limited exercises significant influence over JBR Capital DD Limited through a service agreement, establishing a close relationship between the two entities. JBR Capital DD Limited serves as a special purpose vehicle with the primary objective of raising funding and utilizing these funds to acquire interests within its portfolio. As JBR Capital Limited bears the risks and enjoys the rewards associated with this portfolio, JBR Capital DD Limited is consolidated into JBR Capital Limited's financial statements.

The entire issued share capital of JBR Capital DD Limited is held under a discretionary trust arrangement, governed by a share trust deed. This discretionary trust is overseen by Wilmington Trust SP Services (London) Limited, a legal parent entity registered in England. Wilmington Trust SP Services (London) Limited operates as a wholly-owned subsidiary of Wilmington Trust (UK) Limited, providing a robust governance structure for the holding of shares in JBR Capital DD Limited.

**Notes to the financial statements for the year ended 30 December 2022****21 Related party disclosures**

The company has taken the exemption, where 100% of the voting rights are controlled within the group, not to disclose any transactions or balances with entities that are part of the group.

**22 Ultimate parent undertaking and controlling party**

The immediate parent undertaking of JBR Capital Limited is JBR Auto Finance Limited. The Group in which the results of the consolidated JBR Capital Limited financial statements are consolidated is that headed by JBR Auto Holdings Limited. The directors consider the ultimate parent company and controlling related party of this company at 30 December 2022 to be C S Capital Partners IV LP.

**23 Post balance sheet events**

JBR made a significant change in its senior funding arrangement. JP Morgan Chase Bank N.A was replaced by Lloyds Bank PLC as one of the two senior funders, improving the company's funding structure and diversifying the geographic risk of its funders.

The company successfully closed its most recent funding facility amends, resulting in an increase in the effective funding rate to 95% of all originations. This enhances the company's funding capacity and supports its continued growth and lending activities.

In terms of hedging instruments, JBR Capital Limited sold its interest rate cap hedges that were in place. The company maintains its commitment to actively manage its risk exposure by using hedge swaps to protect against the rising interest rate environment.



# 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 group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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: consolidated and company balance sheets as at 30 December 2022; consolidated statement of comprehensive income; consolidated and company statement of changes in equity; consolidated cash flow statement 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 group 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

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

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

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

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

## 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 Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 December 2022 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and 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, 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 group's and 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 group or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority ('FCA') regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board of Directors;
- reviewing key correspondence with the Financial Conduct Authority;
- assessing matters reported through whistleblowing and reviewing managements consideration thereof, and their results;
- challenging assumptions made by management in determining significant accounting estimates;
- identifying and testing journal entries, in particular those which met specific fraud risk criteria; and
- incorporating unpredictability into the nature, timing and/or extent of our testing above

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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.

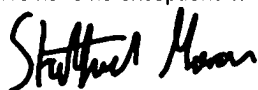
## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not obtained 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Stafford Moran (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

17 July 2023