JBR Capital Limited

Annual report for the year ended 30 December 2020

Registered number: 07520989

JBR Capital Limited

Annual report
for the year ended 30 December 2020

Contents

JBR Capital Limited

Officers and professional advisors

Directors

EH McNeill
D M Selig
T Sharma

Company secretary

D M Selig

Registered office

773 Finchley Road
London
NW11 8DN

Bankers

HSBC Bank PLC
Citibank N.A - London
JP Morgan

Solicitors

Asserson
Shoosmiths

Independent auditors

PricewaterhouseCoopers LLP

Strategic report
for the year ended 30 December 2020

The directors present their report and the audited financial statements for the company for the year ended 30 December 2020.

Principal activities and review of business

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

JBR finances individuals and corporations seeking to purchase premium and classic cars. The funding is provided through hire purchase and lease purchase arrangements.

The company's ultimate parent is C S Capital Partners IV LP. Fellow members of the JBR Auto Holdings Limited group provide finance (JBR Auto Finance Limited) and administrative services (JBR Auto Services Limited) to the company.

Summary of performance

On 16 April 2020, JBR Capital Limited agreed with its funders, that as a result of the then current climate and save for refinancing of balloon payments due on certain existing loans, to cease new lending.

Origination

During 2020 JBR originated £28.8m of loans (2019: £148.5m).

The loan book as of 30 December 2020 was £167.4m (2019: £243.2m).

Financials

The table below indicates JBR's operational performance:

	2020	2019	Increase/ (Decrease)
	£000	£000	%
Interest and fees	**16,486**	19,352	(14.8%)
Interest paid to external funders	**(4,536)**	(6,515)	(30.3%)
Administrative expenses	**(9,571)**	(9,542)	0.3%
Operational profit before group interest	**2,379**	3,295	(27.8%)
Interest on group funding	**(3,721)**	(3,099)	20.0%
(Loss)/Profit before taxation	**(1,342)**	196	

The reduction in revenues reflects a declining loan book as new lending was ceased during April 2020. JBR has provided £3.0m (2019: £2.3m) against potential credit losses. The increase reflects current adverse conditions regarding recoveries from vehicle resales as well as specific provisions against borrowers experiencing financial difficulty in the light of current economic circumstances.

Operating expenses have reduced as a result of the reduced business activity, since the cessation of lending in April 2020. The modest reduction reflects the costs associated with the servicing of existing loans and customer relationship management.

Consequently, Loss before tax is £1.3m (2019: £0.2m profit)

Strategic report
for the year ended 30 December 2020 (continued)

Operation

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

As at 30 December 2020, JBR Auto Services Limited had 42 (2019: 56) full time employees providing administrative services to the company. Due to Covid -19 and lockdown leading to reduced business activity, JBR Auto Services reduced its employee base in the second half of the year in order to protect the ongoing business.

Post balance sheet events

As noted above on 16 April 2020, JBR Capital Limited agreed with its funders, that as a result of the then current climate and save for refinancing of balloon payments due on certain existing loans, to cease new lending. On 16 February 2021 JBR Capital Limited finalised new terms with its lenders and has commenced lending.

Impact of Coronavirus (COVID 19)

The COVID-19 outbreak developed rapidly in 2020 and had significant impacts on the JBR business and its ability to lend. Following the suspension of its lending, and during the long periods of lockdown, the business focussed on maintenance and management of its existing loan book. Customers that had been most impacted by the lockdowns were supported primarily by the provision of payment holidays, and other variation of terms. The business quickly adapted to the need for significant levels of homeworking, however, as a result of reduced levels of activity, a number of staff were furloughed to ensure that the group was well placed to emerge from lockdown in the strongest possible financial position.

The disruption continues to impact in 2021, albeit at a significantly reduced level, and the relatively successful vaccination programme has seen a certain amount of reduced restrictions across the UK. Since lending was relaunched in February 2021, there has been an increase in demand, as customers and dealerships become more accustomed to operating under the new rules.

Risk and governance

JBR operates a robust credit risk policy in assessing applicants' credit worthiness and vehicle security value through the use of internal and external expertise.
JBR's risk committee governs all areas of risk across the organisation, notably credit, interest rate, residual value, operational and all aspects of regulation and compliance.
JBR obtained full permissions from the FCA in August 2015.

Review of the principal risks and uncertainties

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

Going Concern

The directors of the company and the group, have prepared financial projections covering the period to 30 December 2022 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 above and also take account of the expected impact of COVID 19 on the recovery of loans and the level

Strategic report
for the year ended 30 December 2020 (continued)

of the future cost base. The forecasts also take into account the continued availability of confirmed finance facilities from the group's ultimate parent undertaking of £30m of which £27m has been drawn at the date of approving the financial statements. The forecasts demonstrate that the directors have a reasonable expectation that the company' and the group have 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 group and company's financial statements.

Brexit

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 31January 2020. However, the directors continue to monitor any potential impacts in the wider financial markets and supply chain.

Key performance indicators

For the period under consideration, the key performance indicator was the performance and quality level in the ongoing loan book. The directors are satisfied with the management of the performance and quality of the existing loan book.

On behalf of the Board

Damien Selig

D SELIG
Director

Date: 29th June 2021

Directors' report
for the year ended 30 December 2020

The directors present their report and the audited financial statements for the company for the year ended 30 December 2020.

Dividends and transfers to reserves

The results for the financial year are shown on page 10 of the financial statements.

The directors do not recommend the payment of a dividend (2019: £Nil) in respect of the year ended 30 December 2020 and the loss for the financial year has been transferred to reserves.

Future developments

The future developments in the business are set out in the Strategic Report

Financial risk management

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

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

Credit risk

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

Liquidity risk

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

Interest rate risk

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

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are detailed on page 1. S Behaim who was a director throughout the year resigned on 28 February 2021. S Halstead who was a director at 31 December 2019 resigned on 30 November 2020.

Statement of directors' responsibilities in respect of the financial statements

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

On behalf of the Board

D SELIG
Director

Date: 29th June 2021

Independent auditors' report to the members of JBR Capital Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 30 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 30 December 2020; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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 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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority and UK tax legislation, 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 the 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:

- Discussions with management to enquire of any known instances of non -compliance with Laws and Regulations and Fraud
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations
- Incorporating unpredictability into the nature, timing and/or extent of our testing

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. 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

K A Wk

Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
29 June 2021

JBR Capital Limited

Statement of comprehensive income
for the year ended 30 December 2020

	Note	2020 £000	2019 £000
Interest receivable and similar income	5	**16,158**	19,058
Fees receivable		**328**	294
Total revenue		**16,486**	19,352
Interest payable and similar expenses	6	**(8,257)**	(9,614)
Net interest and fee income		**8,229**	9,738
Administrative expenses		**(9,571)**	(9,542)
(Loss) /profit before taxation	8	**(1,342)**	196
Tax on (loss) /profit	9	**12**	452
(Loss) /profit for the financial year		**(1,330)**	648
Other comprehensive income		**-**	-
Total comprehensive (expense) /income for the year		**(1,330)**	648

JBR Capital Limited

Registered number: 07520989

Balance sheet
as at 30 December 2020

	Notes	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Intangible assets	10		**449**		605
Tangible assets	10		**188**		273
			637		878
Current assets					
Debtors: amounts falling due after more than one year	11	**99,962**		173,084	
Debtors: amounts falling due within one year	11	**67,945**		70,660	
Cash at bank and in hand		**13,210**		11,414	
		181,117		255,158	
Creditors: amounts falling due within one year	12	**(60,023)**		(72,274)	
Net current assets			**121,094**		182,884
Total assets less current liabilities			**121,731**		183,762
Creditors: amounts falling due after more than one year	13		**(118,489)**		(180,403)
Provision for other liabilities	16		**(72)**		(12)
Net assets			**3,170**		3,347
Capital and reserves					
Called up share capital	18		**-**		-
Profit and loss account			**3,170**		3,347
Total shareholders' funds			**3,170**		3,347

The financial statements on pages 10 to 24 were approved and authorised for issue by the Board of Directors on 29th June 2021 and were signed on its behalf by:

Darren Selig

D SELIG
Director

JBR Capital Limited

Statement of changes in equity for the year ended 30 December 2020

	Called up share capital	Profit and loss account	Total shareholders' funds
	£000	£000	£000
Balance as at 31 December 2018	-	2,699	2,699
Profit for the financial year	-	648	648
Total comprehensive income for the year	**-**	**648**	**648**
Balance as at 30 December 2019	**-**	**3,347**	**3,347**
Balance as at 31 December 2019	-	3,347	3,347
Loss for the financial year	-	(1,330)	(1,330)
Total comprehensive expense for the year	**-**	**(1,330)**	**(1,330)**
Capital contribution		1,153	1,153
Total transactions with owners recognised directly in equity		**1,153**	**1,153**
Balance as at 30 December 2020	**-**	**3,170**	**3,170**

JBR Capital Limited

Notes to the financial statements for the year ended 30 December 2020

1 General information

JBR Capital Limited (the "company") finances the acquisition of premium and classic motor vehicles in the UK. The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 773 Finchley Road, London, England, NW11 8DN.

2 Statement of compliance

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

3 Summary of significant accounting policies

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

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 period to 30 December 2022 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 of the expected impact of COVID 19 on the recovery of loans and the level of the future cost base. The forecasts also take into account the continued availability of confirmed finance facilities from the group's ultimate parent undertaking of £30m of which £27m have been drawn at the date of approving the financial statements. 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.

3.2 Income recognition

Income from financial assets
Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments, including loans and advances, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to the period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the financial asset or financial liability. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the net lending balance using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Lease classification
Lease and hire purchase agreements that transfer substantially all of the risks and rewards of ownership to the lessee are classified as finance leases. All other leases are classified as operating leases. When assets are leased under a finance lease, the net present value of the lease payments plus any guaranteed residual value payments, where applicable, is recognised as a receivable within loans and advances to customers. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income.

JBR Capital Limited

Notes to the financial statements
for the year ended 30 December 2020 (continued)

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

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

3.3 Financial instruments

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

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

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

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

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

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

(b) Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, 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 does not currently apply hedge accounting for interest rate derivatives.

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

3.4 Impairment

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

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

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

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

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

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

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

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

Notes to the financial statements for the year ended 30 December 2020 (continued)

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

3.5 Borrowing costs

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

3.6 Tangible assets

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

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

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

Leasehold improvements	-	10% 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 repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk or change in value.

3.9 Current and deferred taxation

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

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

Notes to the financial statements for the year ended 30 December 2020 (continued)

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

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

3.10 Lease obligations

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

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

3.11 Share capital

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

3.12 Cash flow statement

No cash flow statement has been prepared as the company is a wholly owned subsidiary of JBR Auto Holdings Limited and its cash flows are included within the consolidated cash flow that company.

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Notes to the financial statements for the year ended 30 December 2020 (continued)

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.

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

- Expected loan losses - An allowance is made for expected loan losses (note 13). This requires management's best estimate of the impairment of loans to customers on the basis of objective evidence available and, in particular, of the value of security held (generally the vehicle that has been financed) in circumstances whereby the borrower is experiencing financial difficulty. The assessment has been made as at the Balance Sheet date utilising the most up to date information available to reduce the risk of error. However, if there were to be a 5% increase or decrease in the value of the underlying security relating to loans in default there would be a corresponding increase or decrease in the impairment charge of £0.15m.

5 Interest receivable and similar income

Interest receivable and similar income includes the following:

	2020	2019
	£000	£000
Finance lease interest	**16,158**	19,058

6 Interest payable and similar expenses

	2020	2019
	£000	£000
Bank interest	**4,536**	6,515
Interest on group loans and amounts owed to related parties	**3,721**	3,099
	8,257	9,614

7 Employees and directors

The company has no employees. All of the employees within the JBR Auto Holding Limited group are employees of JBR Auto Services Limited, and the costs are recharged by that company.

Directors' emoluments
The directors' emoluments were as follows:

	2020	2019
	£000	£000
Directors' emoluments	**835**	743
Compensation for loss of office	**211**	-
Company contributions to defined contribution pension schemes	**33**	34
	1,079	777

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contribution pension schemes.
The highest paid director received remuneration of £382,335 (2019: £287,720).
The value of the company's contribution paid to a defined contribution pension scheme in respect of the

highest paid director amounted to £12,587 (2019: £12,587).

Key management compensation

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

8 (Loss) / profit before taxation

	2020 £000	2019 £000
(Loss) /profit before taxation is stated after charging:		
Operating lease charges	**138**	138
Amortisation of intangible assets	**422**	254
Depreciation – owned assets	**87**	71
Loan impairment charge	**2,952**	2,392
Auditors' remuneration	**45**	35
Non-audit fees – other assurance	**35**	15
Non-audit fees – other	**-**	5

9 Tax on (loss) /profit

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

	2020 £000	2019 £000
Current tax:		
UK corporation tax on (loss) /profit for the year	**-**	76
Prior period adjustment	**(72)**	(70)
Total current tax	**(72)**	6
Deferred tax:		
Origination and reversal of timing differences	**(12)**	(7)
Prior period adjustment	**72**	(449)
Changes in tax rate		(2)
Total deferred tax	**60**	(458)
Tax on (loss)/profit	**(12)**	(452)

Factors affecting the tax charge

The tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The difference is explained below:

	2020 £000	2019 £000
(Loss) /profit before taxation	**(1,342)**	196
(Loss) / profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**(255)**	37
Effects of:		
Expenses not deductible for tax purposes	**49**	52
Other movements	**-**	(22)
Adjustments to prior periods	**(1)**	(519)
Group relief surrendered for no payment	**185**	
Changes in tax rate	**10**	
Total tax charge	**(12)**	(452)

JBR Capital Limited

Notes to the financial statements
for the year ended 30 December 2020 (continued)

10 Fixed assets

Intangible assets

	Software £000
Cost	
At 31 December 2019	1,214
Additions	301
Released on Disposal	(61)
At 30 December 2020	**1,454**
Amortisation	
At 31 December 2019	609
Charge for the year	422
Released on Disposal	(26)
At 31 December 2020	**1,005**
Net book value	
At 30 December 2020	**449**
At 30 December 2019	605

Tangible assets

	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 31 December 2019	232	114	107	31	484
Additions	17	10	1	-	28
Released on Disposal	(16)	(20)	(5)	(31)	(72)
At 30 December 2020	**233**	**104**	**103**	**-**	**440**
Accumulated depreciation					
At 31 December 2019	63	72	56	20	211
Charge for the year	24	44	16	3	87
Released on Disposal	(4)	(16)	(3)	(23)	(46)
At 30 December 2020	**83**	**100**	**69**	**-**	**252**
Net book value					
At 30 December 2020	**150**	**4**	**34**	**-**	**188**
At 30 December 2019	169	42	51	11	273

JBR Capital Limited

Notes to the financial statements
for the year ended 30 December 2020 (continued)

11 Debtors

	2020 £000	2019 £000
Amounts falling due after one year:		
Loans and advances to customers	**99,961**	173,080
Derivative financial instruments	**1**	4
	99,962	173,084
Amounts falling due within one year:		
Amounts owed by group undertakings	**107**	107
Loans and advances to customers	**67,376**	70,166
Derivative financial instruments	**-**	1
Other debtors, prepayments and accrued income	**381**	386
Corporation Tax	**81**	
	67,945	70,660
Total debtors	**167,907**	243,744

Loans are stated after provisions for losses of £2,718,000 (2019: £1,130,000).

Loans and advances to customers

	2020 £000	2019 £000
Advances under hire purchase contracts and finance leases	**170,055**	244,376
Gross loans and advances to customers	**170,055**	244,376
Less allowances for losses on loans	**(2,718)**	(1,130)
Net loans and advances to customers	**167,337**	243,246
Of which:		
Due within one year	**67,376**	70,166
Due after one year and no later than five years	**99,961**	173,080
	167,337	243,246

Loans and advances to customers are analysed as follows:

	2020 £000	2019 £000
Gross investment:		
- no later than one year	**77,892**	87,633
- later than one year and no later than five years	**108,343**	192,892
	186,235	280,525
Unearned future finance income	**(18,898)**	(37,279)
Net investment	**167,337**	243,246

The company provides a range of lease products in connection with the financing of motor vehicles. The agreements typically run for periods of between three and four years. The allowance for uncollectable hire purchase receivables included in the allowance for losses is £2,718,000 (2019: £1,130,000). 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.

Notes to the financial statements for the year ended 30 December 2020 (continued)

12 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Bank loans (see note 14)	**56,206**	69,237
Trade creditors	**462**	492
Amounts owed to group undertakings	**2,177**	804
Accruals and deferred income	**1,178**	1,504
Corporation Tax	**-**	237
	60,023	72,274

13 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loans (see note 14)	**82,024**	149,807
Amounts owed to group undertakings	**36,465**	30,596
	118,489	180,403

The amounts owed to group undertakings bear interest at a fixed rate of 8.1%, are unsecured and are due for repayment in 2023.

14 Loans

An analysis of the maturity of loans is given below:

	2020	2019
	£000	£000
Amounts falling due within one year		
Bank Loans	**56,206**	69,237
	56,206	69,237
Amounts falling due between one and five years:		
Bank Loans)	**82,024**	149,807
	138,230	219,044

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 2020, the company had commitments to the following future minimum lease payments under non-cancellable operating leases expiring as follows:
Payments due:

	2020	2019
	£000	£000
Not later than one year	138	138
Later than one year and not later than five years	23	161
Total	**161**	299

JBR Capital Limited

Notes to the financial statements for the year ended 30 December 2020 (continued)

16 Provisions for liabilities

	2020 **£000**	2019 £000
Deferred tax liability	**72**	12

The deferred tax liability is summarised below:

	2020 **£000**	2019 £000
Accelerated capital allowances	**89**	101
Other timing differences	**(17)**	(89)
Deferred tax liability	**72**	12

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

	£000
At 31 December 2019	12
Credited to profit and loss account	(12)
Adjustments in respect of prior years	72
At 30 December 2020	**72**

17 Financial instruments

The company has the following financial instruments:

	2020 £000	2019 £000
Financial assets at fair value through profit or loss	1	5
Financial assets that are debt instruments measured at amortised cost	167,906	3,739
Financial liabilities measured at amortised cost	178,512	252,440

18 Called up share capital

	2020 **£**	2019 £
Allotted and fully paid:		
100 (2019: 100) ordinary shares of £1 each	**100**	100

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

19 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.

20 Ultimate parent undertaking and controlling party

The immediate parent undertaking is JBR Auto Finance Limited. The only Group in which the results of the Company 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 31 December 2020 to be C S Capital Partners IV LP.

JBR Capital Limited

Notes to the financial statements
for the year ended 30 December 2020 (continued)

21 Post balance sheet events

On 16 February 2021 JBR Capital Limited finalised new terms with its lenders and has commenced lending.