

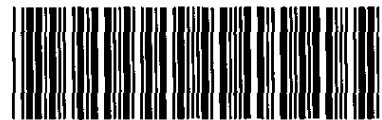
The Car Finance Company (SPV-SB) Limited

**Directors report and financial
statements**

Registered number 09296964

For the year to 30 June 2016

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Director's report

The directors present their annual report and the audited financial statements for the year to 30 June 2016.

Principal activities and business review

The principal activity of the company is that of a special purpose vehicle created to ring-fence the financial reporting for a cohort of hire purchase finance agreement pledged to Shawbrook bank.

Results and dividends

The profit for the year after taxation amounted to £643,347 (*period ended 30 June 2015: loss £44,049*).

Dividends of £Nil were paid or declared during the year (*period ended 30 June 2015: £Nil*).

Donations

The company made charitable donations of £Nil (*period ended 30 June 2015: £Nil*) in the year.

Directors

The directors who served during the year were as follows:

I Gunatilleke (resigned 12 February 2017)

MW Smith

NTJ Clibbens

MD Giles (appointed 2 January 2017)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

By order of the board



MD Giles
CEO

47-51 Kingston Crescent
Portsmouth
Hants
England
PO2 8AA

13 June 2017

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 101 Reduced Disclosure Framework*.

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

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

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



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6QH
United Kingdom

Independent auditor's report to the members of The Car Finance Company (SPV-SB) Limited

We have audited the financial statements of The Car Finance Company (SPV-SB) Limited for the year ended 30 June 2016 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including *FRS 101 Reduced Disclosure Framework*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year is consistent with the financial statements.

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

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

Independent auditor's report to the members of The Car Finance Company (SPV-SB) Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



Xavier Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

16 June 2017

Profit and loss account
for the year ended 30 June 2016

	<i>Note</i>	Year ended 30 June 2016 £	Period ended 30 June 2015 £
Turnover		2,547,817	93,417
Gross profit		2,547,817	93,417
Administrative expenses		(786,240)	(131,912)
Interest payable and similar charges	2	(957,393)	(17,379)
Operating profit/(loss), being profit/(loss) on ordinary activities before taxation	3	804,184	(55,874)
Taxation	6	(160,837)	11,825
Profit/(loss) for the financial year		643,347	(44,049)

The company had no recognised gains or losses other than those included in the profit and loss account shown above for the period.

All the activities of the company are continuing.

There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents.

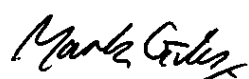
The notes on pages 9 to 14 form part of these financial statements.

Balance sheet
at 30 June 2016

	<i>Note</i>	2016		2015	
		£	£	£	£
Current assets					
Debtors: (including £6,777,786 (2015: £2,972,413) due after more than one year)	7	9,210,983		3,817,564	
Cash at bank and in hand		404,667		52,336	
		9,615,650		3,869,900	
Creditors: Amounts falling due within one year	8	(3,541,925)		(1,881,041)	
Net current assets		6,073,725		1,988,859	
Total asset less current liabilities		6,073,725		1,988,859	
Creditors: Amounts falling due after more than one year	9	(5,474,327)		(2,032,808)	
Net assets/(liabilities)		599,398		(43,949)	
Capital and reserves					
Called up equity share capital	10	100		100	
Profit and loss account		599,298		(44,049)	
Shareholder's funds/(deficit)		599,398		(43,949)	

The notes on pages 9 to 14 form part of these financial statements.

Approved by the Board of directors on 13 June 2017 and signed on their behalf by:



MD Giles
 CEO

Company number: 09296964

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 5 November 2014			
Total comprehensive income for the period			
Profit or loss	-	(44,049)	(44,049)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period		(44,049)	(44,049)
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Issue of shares	100	-	100
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	100	-	100
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	100	(44,049)	(43,949)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	100	(44,049)	(43,949)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year			
Profit or loss	-	643,347	643,347
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	643,347	643,347
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	100	599,298	599,398
	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The Car Finance Company (SPV-SB) Limited (the “Company”) is a private company incorporated, domiciled and registered in the UK. The registered number is 9296964 and the registered address is 47-51 Kingston Crescent, Portsmouth, Hampshire PO2 8AA.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 13.

The Company’s parent undertaking, The Car Finance Company (2007) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of The Car Finance Company (2007) Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 47-51 Kingston Crescent, Portsmouth PO2 8AA.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and intangible assets and investment properties;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at incorporation on 5 November 2014 for the purposes of the transition to FRS 101.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 12.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The Shawbrook facility which operates within the company is structured in such a way that cash received from debtors is used to pay the financial liabilities before being available to distribute to the shareholders. The directors consider that the collection of cash from debtors in the future is sufficient to meet creditor obligations as they fall due for the foreseeable future.

Thus the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.7 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9 Turnover

Turnover represents the finance and other income, excluding value added tax, derived from hire purchase agreements. The business is operated entirely within the United Kingdom.

Income from hire purchase agreements is credited to the profit and loss account over the period in which repayments are due, using the actuarial method to provide a constant rate of return on capital balances outstanding.

1.10 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

2 Interest payable and similar charges

	2016 £	2015 £
Interest on loans and borrowings	403,647	17,379
Bad debt expense	553,746	-
	<u>957,393</u>	<u>17,379</u>

3 Loss on ordinary activities before taxation

	2016 £	2015 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Depreciation of intangible fixed assets	122,011	5,920
Bad debt expense	553,746	-
	<u>675,757</u>	<u>5,920</u>
<i>Auditor's remuneration</i>		
Audit of these financial statements	5	5
	<u>5</u>	<u>5</u>

4 Remuneration of directors

The directors received no remuneration for their services.

5 Staff numbers and costs

The company had no employees (2015: Nil) during the year.

6 Taxation

Analysis of charge in year

	2016 £	2015 £
<i>UK corporation tax</i>		
Group relief payable	160,837	-
Group relief receivable	-	(11,825)
	<u>160,837</u>	<u>(11,825)</u>
Tax on profit on ordinary activities	<u>160,837</u>	<u>(11,825)</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is at the standard rate of corporation tax in the UK at 20%.

The comparative tax charge for the year to 30 June 2016 is equal than the standard rate of corporation tax in the UK at 20% (2015: 21.16%). The differences are explained below:

	2016 £	2015 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	804,184	(55,874)
Current tax at 20% (2015: 21.16%)	160,837	(11,825)
<i>Effects of:</i>		
Group relief surrendered/(claimed)	(160,837)	11,825
Payment for group relief	160,837	(11,825)
Total current tax credit (see above)	160,837	(11,825)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

7 Debtors: Amounts falling due within one year

	2016 £	2015 £
Net finance debtor	9,210,983	3,734,887
Other debtor	-	82,677
	9,210,983	3,817,564

Debtors include net finance debtors of £6,777,786 (2015: £2,972,413) due after more than one year.

8 Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans	1,723,677	610,000
Accruals and deferred income	47,918	17,379
Amounts owed to related undertakings	1,770,330	1,253,662
Taxation	160,837	-
	3,541,925	1,881,041

Notes (continued)

9 Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	5,474,327	2,032,808
	<u> </u>	<u> </u>

10 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

11 Ultimate controlling party

The company's immediate parent is The Car Finance Company (2007) Limited. The ultimate controlling party is Pine Brook Road Advisors LP, a Delaware limited partnership formed to provide investment management services to Pine Brook Capital Partners LP and its parallel vehicles, the Pine Brook funds.

12 Accounting estimates and judgements

In applying the accounting policies set out in note 1, the Company makes significant estimates or assumptions which affect the reporting amounts of assets and liabilities as follows:

Hire purchase customer receivables

The company assesses whether there is objective evidence that amounts receivable from customers has been impaired at each balance sheet date. The principal criteria for determining whether there is objective evidence of impairment are delinquency in contractual payments, a bankruptcy, or entering into forbearance arrangements.

Customer balances are deemed to be impaired as soon as the customer falls two contractual payments behind their original payment schedule. Impairment is calculated as the difference between the carrying value of receivables and the present value of the estimated future cash flows discounted at the original effective interest rate. Estimated future cash flows are based on the historical performance of customer balances falling into different arrears classifications and are regularly assessed.

Notes (continued)

13 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016, the comparative information presented in these financial statements for the period ended 30 June 2015.

In preparing its FRS 101 balance sheet, the Company was not required to adjust any amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP), with the exception to the treatment of bank borrowings as described below:

	<i>Note</i>	Net assets/(liabilities) at 30 June		
		2015	Adjustments	2016
		£	£	£
Intangible assets	<i>1</i>	207,192	(207,192)	-
Debtors		3,817,564	-	3,817,564
Cash		52,336	-	52,336
Creditors due in one year	<i>1</i>	(4,121,041)	2,240,000	(1,881,041)
Creditors due after one year	<i>1</i>	-	(2,032,808)	(2,032,808)
Net liabilities		43,949	-	43,949

The intangible asset relating to obtaining the lending facility is now included as part of the discounted NPV of the borrowing and a proportion of that borrowing has been categorised as due in more than one year to reflect its direct relationship to the timing of the underlying receivables.