The Car Finance Company (SPV-SB) Limited

Directors report and financial statements

Registered number 09296964

For the year to 30 June 2017

Contents

Director's report

The directors present their annual report and the audited financial statements for the year to 30 June 2017.

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 £872,866 *(2016: profit £643,347).*

Dividends of £Nil were paid or declared during the year *(2016: £Nil).*

Donations

The company made charitable donations of £Nil *(2016: £Nil)* in the year.

Directors

The directors who served during the year were as follows:

I Gunatilleke	(resigned 12 February 2017)
MW Smith	(resigned 27 October 2017)
NTJ Clibbens	
MD Giles	(appointed 2 January 2017)

Going concern

As of 30 June 2017, the company had net assets of £1.47 million. The directors have a reasonable expectation that the Company has adequate resources available to it to continue in operational existence for a minimum 12 month period from the approval date of these financial statements. The Company's immediate parent undertaking, The Car Finance Company (2007) Limited is a party to a Managed Wind Down Agreement between its funders and other key stakeholders to enable a solvent wind down of its facilities over the life of the deals they fund. This contract includes an agreement to fund the staff and operational costs required for the run down of their facilities, which the Company will rely on to continue to trade.

The directors consider that the Company can trade solvently for the foreseeable future and collect out the loan portfolio, however as the directors do not intend to write new business to grow the customer base, the accounts have not been prepared on a going concern basis. As with any company placing reliance on other group entities and external funders for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of these financial statements, they have no reason to believe that it will not do so.

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.

Directors' report *(continued)*

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

Mark Giles

MD Giles
CEO

47-51 Kingston Crescent
Portsmouth
Hants
England
PO2 8AA

29 March 2018

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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 are 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, and 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

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

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

Opinion

We have audited the financial statements of The Car Finance Company (SPV-SB) Limited ("the company") for the year ended 30 June 2017 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.

Emphasis of matter – Going concern

We draw your attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report have 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

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Xavier Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

29 March 2018

Profit and loss account

for the year ended 30 June 2017

	Note	2017 £	2016 £
Turnover		**2,855,180**	2,547,817
Gross profit		**2,855,180**	2,547,817
Administrative expenses		**(1,162,620)**	(786,240)
Interest payable and similar expenses	*2*	**(449,857)**	(957,393)
Operating profit, being profit before taxation	*3*	**1,242,703**	804,184
Taxation	*6*	**(369,837)**	(160,837)
Profit for the financial year		**872,866**	643,347

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 2017

	Note	2017		2016	
		£	£	£	£
Current assets					
Debtors: (including £3,279,072 *(2016: £6,777,786)* due after more than one year)	*7*	5,578,331		9,210,983	
Cash at bank and in hand		238,564		404,667	
		5,816,895		9,615,650	
Creditors: Amounts falling due within one year	*8*	(1,661,096)		(3,541,925)	
Net current assets			4,155,799		6,073,725
Total asset less current liabilities			4,155,799		6,073,725
Creditors: Amounts falling due after more than one year	*9*		(2,683,535)		(5,474,327)
Net assets			1,472,264		599,398
Capital and reserves					
Called up equity share capital	*10*		100		100
Profit and loss account			1,472,164		599,298
Shareholder's funds			1,472,264		599,398

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

Approved by the Board of directors on 29 March 2018 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 1 July 2015	100	(44,049)	(43,949)
Total comprehensive income for the year			
Profit or loss	-	643,347	643,347
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	643,347	643,347
Balance at 30 June 2016	100	599,298	599,398
Balance at 1 July 2016	100	599,298	599,398
Total comprehensive income for the year			
Profit or loss	-	872,866	872,866
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	872,866	872,866
Balance at 30 June 2017	**100**	**1,472,164**	**1,472,264**

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

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 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 2016 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").

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;
- 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

As of 30 June 2017, the company had net assets of £1.47 million. The directors have a reasonable expectation that the Company has adequate resources available to it to continue in operational existence for a minimum 12 month period from the approval date of these financial statements. The Company's immediate parent undertaking, The Car Finance Company (2007) Limited is a party to a Managed Wind Down Agreement between its funders and other key stakeholders to enable a solvent wind down of its facilities over the life of the deals they fund. This contract includes an agreement to fund the staff and operational costs required for the run down of their facilities, which the Company will rely on to continue to trade.

The directors consider that the Company can trade solvently for the foreseeable future and collect out the loan portfolio, however as the directors do not intend to write new business to grow the customer base, the accounts have not been prepared on a going concern basis. As with any company placing reliance on other group entities and external funders for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of these financial statements, they have no reason to believe that it will not do so.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

2 Interest payable and similar expenses

	2017 £	2016 £
Interest on loans and borrowings	**518,495**	403,647
Bad debt expense	**(68,638)**	553,746
	449,857	957,393

3 Expenses and auditor's remuneration

	2017 £	2016 £
Included in profit are the following:		
Bad debt expense	**(68,638)**	553,746
Impairment of parent company receivable	**(629,889)**	-
Auditor's remuneration		
Audit of these financial statements	**5,000**	5,000

4 Remuneration of directors

The directors received no remuneration for their services.

5 Staff numbers and costs

The company had no employees *(2016: Nil)* during the year.

Notes *(continued)*

6 Taxation

Recognised in the profit and loss account

	2017 £	2016 £
UK corporation tax		
Group relief payable	**369,837**	160,837
Tax on profit on ordinary activities	**369,837**	160,837

Reconciliation of effective tax rate

	2017 £	2016 £
Current tax reconciliation		
Profit for the year	**872,866**	643,347
Total tax expense	**369,837**	160,837
Profit excluding taxation	**1,242,703**	804,184
Current tax at 19.75% *(2016: 20%)*	**245,434**	160,837
Non-deductible expenses	**124,403**	-
Group relief surrendered/(claimed)	**(369,837)**	(160,837)
Payment for group relief	**369,837**	160,837
Total tax expense	**369,837**	160,837

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly.

7 Debtors: Amounts falling due within one year

	2017 £	2016 £
Net finance debtor	**5,578,331**	9,210,983

Debtors include net finance debtors of £3,279,072 *(2016: £6,777,786)* due after more than one year.

Notes *(continued)*

8 Creditors: Amounts falling due within one year

	2017	2016
	£	£
Bank loans	**1,640,050**	1,723,677
Accruals and deferred income	**21,046**	47,918
Amounts owed to related undertakings	**-**	1,770,330
Taxation	**-**	160,837
	1,661,096	3,541,925

9 Creditors: Amounts falling due after more than one year

	2017	2016
	£	£
Bank loans	**2,683,535**	5,474,327

10 Called up share capital

	2017	2016
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	**100**	100

11 Ultimate controlling party

During the period, the company was a subsidiary undertaking of TCFC Holdings Ltd which was the ultimate parent company incorporated in the Cayman Islands. The ultimate controlling party was 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.

As of 27 October 2017, ownership of the immediate parent company, The Car Finance Company (2007) Limited and its subsidiaries, including the Car Finance Company (SPV-SB) Limited, was transferred to a new parent company, The Car Finance Company (2017) Holdings Limited. The shares in The Car Finance Company (2017) Holdings Limited are held by a corporate services provider on trust for a charity which would receive any surplus.

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.