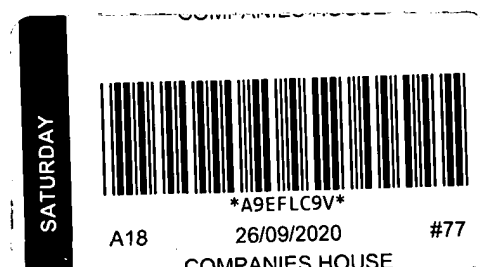


JBR Auto Holdings Limited

Annual report for the year ended 30 December 2019

Registered number: 09349929



JBR Auto Holdings Limited

Annual report for the year ended 30 December 2019

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Officers and professional advisors

Directors

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

Registered office

773 Finchley Road
London
NW11 8DN

Bankers

HSBC Bank PLC
Citibank N.A -London

Solicitors

Asserson
Shoosmiths

Independent auditors

PricewaterhouseCoopers LLP

Strategic report for the year ended 30 December 2019

Principal activities and review of business

The Company's lending subsidiary JBR Capital Limited ("JBR") commenced operations at the end of 2014. The other entities within the group headed by the Company provide financing and administrative services to support the group's lending activity.

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

Other members of the JBR Auto Holdings Limited group provide finance (JBR Auto Finance Limited) and administrative services (JBR Auto Services Limited) to JBR.

Summary of performance

Origination

During 2019 JBR originated £148.5m of loans (2018: £155.6m).

The loan book as of 30 December 2019 was £243.2m (2018: £217.0m).

Financials

The table below indicates JBR's operational performance:

	2019 £000	2018 £000	Increase %
Interest and fees	19,352	16,517	17.1%
Interest paid to external funders	(6,517)	(5,149)	26.6%
Sales and administration expenses	(9,453)	(6,614)	42.9%
Operational profit before shareholder interest and exceptional costs	3,382	5,077	
Exceptional costs	-	(323)	
Operational profit before shareholder interest	3,382	4,754	28.8%
Interest on shareholder funding	(787)	(2,183)	(63.9%)
Profit before taxation	2,595	2,571	0.1%

The increase in revenues reflects the increases in the average loan book during 2019. JBR has provided £2.3m (2018 : £0.4m) against potential credit losses. The increase reflects current adverse conditions regarding recoveries from vehicle resales as well as specific provisions against obligors in the light of current economic and other known circumstances.

Operating expenses have increased in line with activities along with additional costs related to legal costs arising from repossessions and vehicle recoveries.

The exceptional costs in the prior year relate to a comprehensive market study conducted on behalf of JBR by a third party consultancy.

Strategic report for the year ended 30 December 2019 (continued)

Operation

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

As at 30 December 2019, JBR Auto Services Limited had 56 (2018: 44) full time employees providing administrative services to the company.

Post balance sheet events

Coronavirus (COVID-19)

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken to contain the virus have affected economic activity and include limiting the movement of people and the temporary closure of businesses and schools. The JBR Capital group has continued to trade during the period of lockdown having made a series of adjustments to its operating procedures to ensure the safety of its employees. The crisis is a Non Adjusting Post Balance Sheet event as far as these financial statements are concerned. Due to the current economic uncertainty it is not possible to assess the potential impact of Covid on the carrying value of the group's assets in the forthcoming financial year.

Other matters

On 16 April 2020, JBR Capital Limited agreed with its funders, that as a result of the current climate and save for refinancing of balloon payments due on certain of the loans, to cease new lending. JBR Capital Limited is currently in talks with these lenders and other parties regarding the prompt resumption of new lending taking into account, amongst other things, the Covid situation.

Risk and governance

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

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

JBR obtained full permissions from the FCA in August 2015.

Review of the principal risks and uncertainties

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

Going Concern

The directors of the company and the group, have prepared financial projections covering the period to 30 December 2021 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 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' 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 Directors have assessed the potential impact of the uncertainty attached to the outcome of the Brexit negotiations and the shape of any eventual withdrawal deal with the EU. The economic impact cannot be fully understood at this stage, and political and economic commentators differ significantly in their assessment of the potential severity of the risks associated with each outcome.

As the Company operates solely in the United Kingdom the directors do not expect the company to be directly impacted by changes to future trading arrangements with the EU and the rest of the world. They however 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 level of build in the loan book and its quality. The directors are satisfied with the quality and quantum of lending undertaken to date.

Dividends and transfers to reserves

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

The directors do not recommend the payment of a dividend (2018: £Nil) in respect of the year ended 30 December 2019 and the profit for the financial year has been transferred to reserves.

Financial risk management

The group'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 group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group. Details are set out below.

Given the size of the group, 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 group's management team.

Credit risk

The group 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.

Strategic report for the year ended 30 December 2019 (continued)

Liquidity risk

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

Interest rate risk

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

On behalf of the Board

A handwritten signature in black ink, appearing to read 'S Benaim', enclosed within a large, loopy oval shape.

S BENAÏM
Director

Date: 30 June 2020

Directors' report for the year ended 30 December 2019

The directors present their report and the audited financial statements for the year ended 30 December 2019.

Dividends and transfers to reserves

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

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Directors

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

Directors' report for the year ended 30 December 2019 (continued)

Statement of Directors' responsibilities in respect of the financial statements

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

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

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

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

Statement of disclosure of information to auditors

Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

On behalf of the Board



S BENAIM
Director
Date: 30 June 2020

Independent auditors' report to the members of JBR Auto Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, JBR Auto Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 December 2019 and of the group's profit and cash flows 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 consolidated and company balance sheets as at 30 December 2019; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

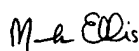
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
30 June 2020

Consolidated statement of comprehensive income for the year ended 30 December 2019

	Note	2019 £000	2018 £000
Interest receivable and similar income	5	19,058	16,302
Fees receivable		294	215
Total revenue		19,352	16,517
Interest payable and similar expenses	6	(7,304)	(7,332)
Net interest and fee income		12,048	9,185
Administrative expenses		(9,453)	(6,614)
Profit before tax and exceptional costs		-	2,894
Exceptional costs	8	-	(323)
Profit before taxation	9	2,595	2,571
Tax on profit	10	(441)	(620)
Profit for the financial year		2,154	1,951
Other comprehensive income		-	-
Total comprehensive income for the year		2,154	1,951

The notes on pages 15 to 28 form part of these financial statements

Registered number: 09349929

Balance sheets as at 30 December 2019

	Notes	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Fixed assets					
Investments	11	-	23,526	-	23,526
Intangible assets	12	1,105	-	1,126	-
Tangible assets	12	273	-	285	-
		1,378	23,526	1,411	23,526
Current assets					
Debtors: amounts falling due after more than one year	13	173,084	-	168,378	-
Debtors: amounts falling due within one year	13	70,592	-	49,087	-
Cash at bank and in hand		11,416	-	11,918	-
		255,092	-	229,383	-
Creditors: amounts falling due within one year	14	(72,040)	(5)	(50,424)	(5)
Net current assets(liabilities)		183,052	(5)	178,959	(5)
Total assets less current liabilities		184,430	23,521	180,370	23,521
Creditors: amounts falling due after more than one year	15	(156,649)	(1,448)	(154,708)	(1,318)
Provision for other liabilities	18	(207)	(10)	(242)	(11)
Net assets		27,574	22,063	25,420	22,192
Capital and reserves					
Called up share capital	20	1	1	1	1
Share premium	20	22,525	22,525	22,525	22,525
Profit and loss account		5,048	(463)	2,894	(334)
Total shareholders' funds		27,574	22,063	25,420	22,192

The financial statements on pages 10 to 27 were approved and authorised for issue by the Board of Directors on 30 June 2020 and were signed on its behalf by:



S BENAIM
Director

The notes on pages 15 to 28 form part of these financial statements

The Company has taken the exemption under S408 of CE 2006 and not published its own Statement of Comprehensive Income, its Loss for the financial year was £129,000 (2018: £121,000).

Consolidated statement of changes in equity for the year ended 30 December 2019

	Called up share capital	Share Premium	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000
Balance as at 31 December 2017	1	-	(829)	(828)
Profit for the financial year	-	-	1,951	1,951
Total comprehensive income for the year	-	-	1,951	1,951
Capital contribution	-	-	1,760	1,760
Deferred taxation	-	-	12	12
Share capital issued	-	22,525	-	22,525
Total transactions with owners recognised directly in equity	-	22,525	1,772	24,297
Balance as at 30 December 2018	1	22,525	2,894	25,420
Balance as at 31 December 2018	1	22,525	2,894	25,420
Profit for the financial year	-	-	2,154	2,154
Total comprehensive expense for the year	-	-	2,154	2,154
Balance as at 30 December 2019	1	22,525	5,048	27,574

Company statement of changes in equity for the year ended 30 December 2019

	Called up share capital	Share Premium	Profit and loss account	Total shareholders' (deficit)/ funds
	£000	£000	£000	£000
Balance as at 31 December 2016	1	-	(88)	(87)
Loss for the financial year	-	-	(114)	(114)
Total comprehensive expense for the year	-	-	(114)	(114)
Balance as at 30 December 2017	1	-	(202)	(201)
Balance as at 31 December 2017	1	-	(202)	(201)
Loss for the financial year	-	-	(121)	(121)
Total comprehensive expense for the year	-	-	(121)	(121)
Deferred taxation			(11)	(11)
Share capital issued	-	22,525	-	22,525
Total transactions with owners recognised directly in equity	-	22,525	(11)	22,514
Balance as at 30 December 2018	1	22,525	(334)	22,192
Loss for the financial year	-	-	(129)	(129)
Total comprehensive expense for the year	-	-	(129)	(129)
Balance as at 30 December 2018	1	22,525	(463)	22,063

Consolidated cash flow statement for the year ended 30 December 2019

	2019 £000	2018 £000
Profit after taxation	2,154	1,951
Tax on profit	441	620
Profit before taxation	2,595	2,571
Adjusted for		
Depreciation of tangible assets	71	74
Amortisation of intangible assets	354	261
Loss on disposal of tangible assets	-	20
Working capital movements		
Increase (Decrease) in debtors	46	(584)
(Decrease)/Increase in creditors	(462)	1,287
Non cash interest	787	2,183
Cash inflow from operating activities	3,391	5,812
Tax paid	(219)	-
Cash flow from investing activities		
Origination of loans	(26,257)	(66,550)
Purchase of tangible assets	(59)	(49)
Purchase of intangible assets	(333)	(239)
Total	(26,649)	(66,838)
Financing activities		
Proceeds from debt	22,975	65,184
Lease payments	-	(19)
Total	22,975	65,165
Net (decrease) /increase in cash and cash equivalents	(502)	4,139
Cash and cash equivalents at the beginning of the year	11,918	7,779
Cash and cash equivalents at the end of the year	11,416	11,918

Reconciliation of net debt

	At 31 December 2018 £000	Cash flows £000	Non cash movements £000	At 30 December 2019 £000
Cash at bank and in hand	11,918	(502)	-	11,416
Loans	(202,124)	(22,975)	(787)	(225,886)
Net debt	(190,206)	(23,477)	(787)	(214,470)

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

Notes to the financial statements for the year ended 30 December 2019

1 General information

The company is a holding company. The group headed by 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 Group'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 is part, have prepared financial projections covering the period to 30 December 2021 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 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 December 2019.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

3.3 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. The Group is able to make a reliable estimate of useful life and goodwill is amortised over a period of 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Statement of Comprehensive Income (SOI). Reversals of impairment are recognised when the reasons for the impairment no longer apply.

3.4 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.

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 Group'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 Group 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.

3.5 Financial instruments

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

(a) Financial assets

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

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference

between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

(b) Financial liabilities

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

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

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

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

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

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

The Group 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.

3.6 Impairment

The Group 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 Group 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 Group 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.

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 Group 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.

3.7 Borrowing costs

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

3.8 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.

3.9 Intangible assets

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

3.10 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.

3.11 Current and deferred taxation

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

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

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

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

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

3.12 Lease obligations

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

Finance leased assets

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

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

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

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

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3.13 Share capital

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

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be appropriate and reasonable in the circumstances. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

- (a) Critical judgements in applying the entity's accounting policies
 - Carrying value of investments – Company – The directors have considered the carrying value of the Company's investments in its subsidiaries and in making this assessment have based this on their judgement that the group will be able to return to a situation where origination of new loans will be achieved.
- (b) Key accounting estimates and assumptions
 - Expected losses Group - An allowance is made for the expected losses (note 13). This requires management's best estimate of impairment on the basis of objective evidence available of the value of security held and the financial position of the borrower.
 - Settlement gains Group – In accounting for interest under the Effective Interest Rate method an estimate is made of the level of early settlements and their timing and the expected gains on the basis of objective evidence available.

5 Interest receivable and similar income

Loan interest and similar income includes the following:

	2019 £000	2018 £000
Loan interest	19,058	16,302

6 Interest payable and similar charges

	2019 £000	2018 £000
Bank interest	6,517	5,149
Interest on other loans	787	2,183
	7,304	7,332

7 Employees and directors

Staff costs including directors' remuneration was as follows:-

	2019 £000	2018 £000
Wages and salaries	2,954	2,916
Social security costs	361	360
Other pension costs	107	98
	3,422	3,374

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

	2019 Number	2018 Number
Administration	34	26
Selling and distribution	17	16
	51	42

Directors' emoluments

The directors' emoluments were as follows:

	2019 £000	2018 £000
Directors' emoluments	743	961
Group contributions to defined contribution pension schemes	34	34
	777	995

During the year retirement benefits were accruing to 3 directors (2018: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £ £287,720 (2018: £349,245).

The value of the Group's contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,587 (2018: £12,670).

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 Exceptional costs

	2019 £000	2018 £000
Exceptional costs	-	323

The exceptional costs relate to a comprehensive market study conducted on behalf of the Group by a third party consultancy.

9 Profit before taxation

	2019 £000	2018 £000
Profit before taxation is stated after charging:		
Operating lease charges	138	138
Amortisation of intangible assets	354	261
Depreciation – owned assets	71	67
Depreciation – assets on hire purchase contracts and finance leases	-	7
Impairment charge	2,076	437
Auditors' remuneration	40	40
Non-audit fees – other assurance	25	25
Non-audit fees – other	5	5
Non-audit fees – tax compliance	-	22

10 Tax on profit

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

	2019 £000	2018 £000
Current tax:		
UK corporation tax on profit for the year	558	364
Adjustments in respect of prior years	(82)	-
Total current tax	476	364
Deferred tax:		
Origination and reversal of timing differences	(35)	256
Total deferred tax	(35)	256
Tax on profit for the year	441	620

Factors affecting the tax charge

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The difference is explained below:

	2019 £000	2018 £000
Profit before taxation	2,595	2,571
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	492	488
Effects of:		
Expenses not deductible for tax purposes	26	90
Tax rate changes	3	(28)
Changes in deferred tax		53
Adjustments to prior periods	(80)	17
Total tax charge	441	620

11 Investments

	Shares in group undertakings £000
Cost and net book value	
At 30 December 2019 and 2018	23,526

The directors believe that the carrying value of the investment is supported by the value of the underlying business.

The company's investments at the balance sheet date in the share capital of companies include the following:

Direct holdings

JBR Auto Finance Limited

Nature of business: Financing of the group's trading activities and holding company

Class of shares	Ordinary
% holding	100%

JBR Auto Services Limited

Nature of business: Provision of administrative services

Class of shares	Ordinary
% holding	100%

Indirect holdings

JBR Capital Limited

Nature of business: financing of premium and classic motor vehicles

Class of shares
% holding

Ordinary
100%

JBR Wholesale Capital Limited
Nature of business: Dormant

Class of shares
% holding

Ordinary
100%

The registered address of all subsidiaries is 773 Finchley Road, London, NW11 8DN.

12 Fixed assets

Intangible assets

Group

	Goodwill £000	Software £000	Total £000
Cost			
At 31 December 2018	1,000	881	1,881
Additions	-	333	333
At 30 December 2019	1,000	1,214	2,214
Amortisation			
At 31 December 2018	400	355	755
Charge for the year	100	254	354
At 30 December 2019	500	609	1,109
Net book value			
At 30 December 2019	500	605	1,105
At 30 December 2018	600	526	1,126

Tangible assets

Group

	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 31 December 2018	214	87	93	31	425
Additions	18	27	14	-	59
At 30 December 2019	232	114	107	31	484
Accumulated depreciation					
At 31 December 2018	40	50	36	14	140
Charge for the year	23	22	20	6	71
At 30 December 2018	63	72	56	20	211
Net book value					
At 30 December 2019	169	42	51	11	273
At 30 December 2018	174	37	57	17	285

13 Debtors

	Group 2019	Company 2019	Group 2018	Company 2018
	£000	£000	£000	£000
Amounts falling due after one year:				
Loans and advances to customers	173,080	-	168,351	-
Derivative financial instruments	4	-	27	-
	173,084	-	168,378	-
Amounts falling due within one year:				
Amounts owed by group undertakings				
Loans and advances to customers	70,166	-	48,638	-
Derivative financial instruments	1	-	7	-
Other debtors, prepayments and accrued income	425	-	442	-
	70,592	-	49,087	-
Total debtors	243,676	-	217,465	-

Loans are stated after provisions for losses of £1,130,000 (2018: £443,000).

Loans and advances to customers

	Group 2019 £000	Group 2018 £000
Advances under hire purchase contracts and finance leases	244,376	217,432
Gross loans and advances to customers	244,376	217,432
Less allowances for losses on loans and advances	(1,130)	(443)
Net loans and advances to customers	243,246	216,989
Of which:		
Due within one year	70,166	48,638
Due after one year and no later than five years	173,080	168,351
	243,246	216,989

Loans and advances to customers are analysed as follows:

	2019 £000	2018 £000
Gross investment:		
- no later than one year	87,633	64,782
- later than one year and no later than five years	192,892	189,671
	280,525	254,453
Unearned future finance income	(37,279)	(37,464)
Net investment	243,246	216,989

The Group 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 £1,130,000 (2018: £443,000).

The Group'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 Group 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 14 and 15. These loans are secured on the amounts advanced to customers noted above and bear interest at variable rates.

14 Creditors: amounts falling due within one year

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Bank loans (see note 16)	69,237	-	47,416	-
Trade creditors	498	-	786	-
Corporation tax	621	-	364	-
Other taxation and social security	129	-	113	-
Amounts owed to group undertakings	-	5	-	5
Accruals	1,555	-	1,745	-
	72,040	5	50,424	5

15 Creditors: amounts falling due after more than one year

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Loans (see note 16)	156,649	1,448	154,708	1,318
	156,649	1,448	154,708	1,318

16 Loans

An analysis of the maturity of loans is given below:

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Amounts falling due within one year				
Bank Loans	69,237	-	47,416	-
	69,237	-	47,416	-
Amounts falling due between one and five years:				
Bank Loans	149,807	-	148,653	-
Deep Discount Loan Notes (DDNs)	1,282	1,282	1,165	1,165
Zero Coupon Notes (ZCNs)	5,560	166	4,890	153
	156,649	1,448	154,708	1,318

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

The DDNs are unsecured and have a redemption date of 1 February 2023. The redemption price is equivalent to an annually compounded interest rate of 10%. During the year, the group's financing company (JBR Auto Finance Limited) issued additional shares in respect of which the consideration was the release of its Deep Discounted Bond liability of £22.5m as at the date of issue. The ZCNs are unsecured and have a redemption date of 1 February 2023. Their redemption price is their nominal value. The directors assess the fair value of the ZCNs at inception using a market interest rate. The interest rate assessed for the ZCNs issued during the year was 12% (previously issued 12%).

17 Obligations under operating leases

At 30 December 2019, the Group had commitments to the following future minimum lease payments under non-cancellable operating leases expiring as follows:

Payments due:

	2019	2018
	£000	£000
Not later than one year	138	138
Later than one year and not later than five years	161	299
Total	299	437

18 Provision for other liabilities

Group	2019	2018
	£000	£000
Deferred tax liability	207	242

The deferred tax liability is summarised below:

	2019	2018
	£000	£000
Accelerated capital allowances	101	78
Other timing differences	106	164
Total liability	207	242

Company

	2019	2018
	£000	£000
Other timing differences	10	11

The movement on deferred taxation during the year is set out below

	Group	Company
	£000	£000
At 31 December 2018	242	(11)
(Credited) /charged to profit and loss account	(35)	1
Total liability	207	(10)

19 Financial instruments

The company has the following financial instruments:

Group	2019 £000	2018 £000
Financial assets at fair value through profit or loss	5	34
Financial assets that are debt instruments measured at amortised cost	243,671	217,431
Financial liabilities measured at amortised cost	227,939	204,655
<hr/>		
Company	2019 £000	2018 £000
Financial liabilities measured at amortised cost	1,453	1,323

20 Called up share capital

	2019 £	2018 £
Allotted and fully paid:		
3,000,000,000 A ordinary shares of: £0.0000001 each	300	300
3,000 A1 ordinary shares of: £0.0000001 each	-	-
1,000,000,000 B ordinary shares of £0.0000001 each	100	100
179,000,179 C ordinary shares of:£0.0000001 each	18	18
1,000,000,000 D ordinary shares of :£ 0.0000001 each	100	100
70,000 Deferred shares of £0.0000001 each	7	7
	525	525

During the last year, there has been a sub division of shares, along with the allotment of shares at a premium of £22,525,000 in order to increase the company's investment in its subsidiary JBR Auto Finance Limited.

The B and C shares are non-voting shares as are the deferred shares. The A and C shareholders have initial preferential rights to dividends and return on capital.

21 Related party disclosures

The company has taken the exemption, where 100% of the voting rights are controlled within the group, not to disclose any transactions or balances with entities that are part of the group. In note 16 details of the Deep Discount Loan Notes (DDNs) and Zero Coupon Notes (ZCNs) are set out. These are held by Cabot Square Capital LLP and certain of the company's directors. £787,000 of interest was charged on this borrowing in the year (2018 : £2,183,000). Amounts of £34,379 (2018 : £32,408) were due to the group from the directors, the amounts were interest free and unsecured.

22 Ultimate parent undertaking and controlling party

The directors consider the ultimate parent company and controlling related party of this company at 30 December 2019 to be C S Capital Partners IV LP.

23 Post balance sheet events

Coronavirus (COVID-19)

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken to contain the virus have affected economic activity and include limiting the movement of people and the temporary closure of businesses and schools.

The company has continued to trade during the period of lockdown having made a series of adjustments to its operating procedures to ensure the safety of its employees. The crisis is a Non Adjusting Post Balance Sheet event as far as these financial statements are concerned. Due to the current economic uncertainty it is not possible to assess the potential impact of Covid on the carrying value of the company's assets in the forthcoming financial year.

Other matters

On 16 April 2020, JBR Capital Limited agreed with its funders, that as a result of the current climate and save for refinancing of balloon payments due on certain of the loans, to cease new lending. JBR Capital Limited is currently in talks with these lenders and other parties regarding the prompt resumption of new lending taking into account, amongst other things, the Covid situation.