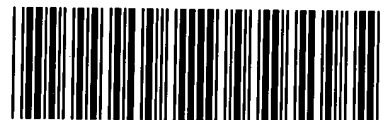


JBR Auto Holdings Limited

Annual report for the year ended 30 December 2021

Registered number: 09349929

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JBR Auto Holdings Limited

Annual report for the year ended 30 December 2021

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Officers and professional advisors

Directors

E H McNeill
D M Selig
T Sharma
N V Kisnadwala (appointed 1 August 2021)
T Onslow (appointed 14 October 2021)
S Benaim (resigned 28 February 2021)

Registered office

773 Finchley Road
London
NW11 8DN

Bankers

HSBC UK Bank PLC
Citibank N.A -London
JP Morgan Chase Bank N.A.

Solicitors

Asserson
Shoosmiths
Stevensdrake

Independent auditors

PricewaterhouseCoopers LLP

**Strategic report
for the year ended 30 December 2021**

The directors present their report and the audited financial statements for the company for the year ended 30 December 2021.

Principal activities and review of business

The Company acts as a holding company for its subsidiaries. Company's lending subsidiary JBR Capital Limited (JBR Capital) commenced operations at the end of 2014.

JBR Capital Limited 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 ("JBR") provide finance (JBR Auto Finance Limited) and administrative services (JBR Auto Services Limited) to JBR Capital Limited to support its lending activity.

Summary of performance**Introduction**

JBR Capital is the leading provider of financing for high-end vehicles in UK. 2021 was a transformative year for JBR Capital. We want to build a sustainable business for the long term and begun implementing our strategic plan in earnest last year. We began originations in March, after negotiating a funding line with JPM and Citi in February. We ended the year with record originations, and ahead of our target. We were able to stem the drop in Loan Book in May 2021 to end the year with nearly £200M in loan book. We reengineered our processes to consistently improve our service levels. We re-vamped the Management Team, and transformed the company by focusing on every element of the ESG program including (1) implementation of a comprehensive carbon offsetting program (2) bottoms up definition of our values, purpose and vision (3) implementation of a colleague engagement program and (4) begun a social service program with charities selected by our colleagues and (5) implemented a program to educate and assist our colleagues on mental wellness challenges as a result of the pandemic and working from home.

Besides, we have developed a Strategic Plan for the next 3 years which will allow us to originate over £500 million in new loans by 2024, generate a loan book balance of over £750 million by the end of 2024 and create tremendous operating leverage to significantly improve our ROA and ROE.

Origination

During 2021 JBR originated £158.3m of loans (2020: £28.8m). We continued to generate record levels of proposals and ended the year with a normalised run rate of £20m of originations per month.

The loan book as of 30 December 2021 was £198.5m (2020: £167.3m).

Financials

The table below indicates the JBR group's operational performance:

| | 2021 | 2020 | Increase |
|--|----------------|-------------|-----------------|
| | £000 | £000 | % |
| Interest and fees | 12,602 | 16,486 | (23.5%) |
| Interest paid to external funders | (3,334) | (4,537) | (26.5%) |
| Other operating income | 22 | 325 | (93.2%) |
| Sales and administration expenses | (8,446) | (10,368) | (18.5%) |
| Operational profit before shareholder interest | 844 | 1,906 | (55.7%) |
| Interest on shareholder funding | (1,003) | (1,011) | (0.8%) |
| Profit (loss) before taxation | (159) | 895 | n/a |

The reduction in revenues reflects a declining loan book from 2020 as lending ceased from April 2020 to March 2021. The average loan book generating interest income was lower in 2021 at £166.5m (2020: £211.7m) by 21%, and due to the settlement and termination of several high-risk accounts, our interest and fees dropped by 23.5%.

JBR has provided £0.3m (2020: £3.0m) against potential credit losses. The decrease reflects the strength of the loan book and enhanced collection policies and monitoring procedures. Adverse conditions regarding recoveries from vehicle re-sales as well as specific provisions against borrowers experiencing financial difficulty in the light of economic circumstances were evident in the prior year's figure.

Operating expenses have reduced primarily due to the decrease in provisions against credit losses which has been offset by the increase in salaries due to increased headcount as originations continued to grow throughout the year.

Operation

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

As at 31 December 2021, JBR Auto Services Limited had 67 (2020: 42) full time employees providing administrative services to the company.

Post balance sheet events

On 18 January 2022, JBR Capital Limited secured an increase in the senior funding facility with improved terms. On 29 March 2022, JBR Capital Limited concluded a mezzanine funding facility.

On 27 June 2022 the terms of the loan from the note holders were renegotiated with the redemption date changed to 1 February 2025.

Impact of Coronavirus (COVID 19)

The disruption of COVID 19 had an impact in 2021, albeit at a significantly reduced level when compared to 2020. We had ceased originations in 2020 and in February 2021 began relending. We were able to quickly adapt due to our digital end to end process, which allowed us to re-originate while most of our colleagues were working from home. We had an active COVID 19 related forbearance program in 2020/21, which had minimal impact on our losses. We serve mostly prime customers and SME corporations.

Risk and governance

During the year, the Company has enhanced its risk and governance frameworks to support business operations and lending, allocating responsibilities across the business to allow for prudent, pragmatic and appropriate risk management, including the appointment of a new Chief Risk Officer. It has in place an independent Risk, Compliance and Financial Crime function, which reports both to the CEO and the Board reflecting the overall regulatory environment in which it operates.

The Company's approach to Risk Management is to maintain a balance between risk and potential reward – there is a key focus on value creation and maximisation of corporate enterprise value, supporting the achievement of the strategic objectives through the use of strong, but proportionate risk management controls by avoiding exposure to unacceptably high residual risks which are outside our overall and individual Risk Appetites. A part of this approach has included a revision of operating policies, and specifically from a credit perspective, has a strong credit and lending policy designed to ensure that its lending is affordable to clients, and to minimise credit losses through robust assessments and prudent future-vehicle valuations, using internal expertise and external data sources.

JBR obtained full consumer credit lending 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, and the legal & regulatory environment in which it

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 robust monitoring of interest rate expectations and modelling of products arrangements to mitigate the risk.

Systems and controls

The Company is committed to strong governance to ensure regulatory compliance and to benefits its customers, staff and the company's commercial and financial objectives. A defined governance structure exists with layers of assurance, to continually assess and challenge the processes, risks and controls across the business.

Compliance

The company views its approach to compliance as a key strength. Management looks to understand the current requirements and pending concerns of regulators and positions the business accordingly in a proactive manner. Systems and processes are constructed to ensure the compliance and controls are firmly embedded within the organisation.

The Group has one entity which is authorised and regulated by the FCA.

The compliance team identifies relevant rules, principles and guidelines which apply to the activities of the Company and disseminate them to the relevant business or operational areas. It is also responsible for devising or helping to devise policies and procedures to ensure the Company meets the standards required by the Regulator, as well as our own. In addition, the Company seeks to adhere to the Finance and Leasing Association (FLA) Lending Code.

Stakeholder relationships

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

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

Consequences of any decision in the long term

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

Interest of the company's employees

The Company and its Directors recognises the significant contribution that its employees make to its continued success in delivering customer satisfaction. The Company aims to be a responsible employer with regards to the pay and benefits its employees receive. The health, safety and well-being of its employees is one of its primary considerations. The long-term interest and well-being of all staff were taken into consideration in any principal decisions taken by the company during the financial year.

The Company is committed to pursuing equality and diversity in all its employment activities including recruitment, training, career development and promotion and ensuring there is no bias or discrimination in the treatment of its employees.

Fostering business relationships with suppliers, customers and others

As a service-based business the company's relationship with the companies it deals with is critical to its success. Business development managers work closely with introducers to understand how they can be better supported and the innovative approach to technology ensures that the Company can support them. The Company's success is achieved by providing a high-quality service to its customers, focusing on the customer journey with easy to use technology alongside a risk weighted pricing structure to ensure its products are available to a wide range of potential customers.

The directors recognise the importance of maintaining an open and transparent relationship with regulators, trade bodies and other government authorities. The Senior Managers Certification Regime is embedded across the business and conduct measures are overseen by the Board of Directors.

Impact of the company's operations on the community

The Company actively promotes recruitment from the local community and supports local charities and events. Directors are committed to using environmentally electronic client communication methods wherever possible. To further reduce the Company's environmental impact, the majority of sales managers have been transitioned to hybrid and electric vehicles. These are now to be issued as standard practice for all new joiners for the on-the-road sales teams.

Company reputation for high standards of business conduct

The Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for setting, monitoring and upholding the culture, values, standards, ethics, brand and reputation of the Company to ensure that its obligations to its shareholders, employers, customers and others are met.

Management is tasked with embedding the desired culture through the organisation. The Executive leadership team monitors adherence to the policies and compliance with corporate governance.

Acting fairly as between members of the company

The company is ultimately owned by CS Capital Partners IV LP and maintains strong links and open channels of communication and engagement with it. Their representatives are included on the Company's Board of directors and the Company regularly provides up to date management information on its performance, costs, project progression, issues and new initiatives.

Future developments and outlook for 2022

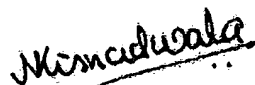
The Directors expect origination levels to continue to grow and have set ambitious targets for the next financial year off the back of securing a mezzanine funding facility.

This facility will secure equity to fund the projected originations well into 2022 and beyond.

The level of originations and dealers is expected to increase and the Company will look to continue its successful strategy of origination high-quality assets.

Capacity planning will continue throughout all departments to ensure the Company can handle increased workflow needs and investment in technology will assist to make quicker underwriting decisions. The headcount will increase to ensure the operational requirements continues to deliver exceptional customer service whilst scaling further. The long term prospects of the Group remains very positive.

On behalf of the Board



N V Kisnadwala
Director

Date: 20th July 2022

**Directors' report
for the year ended 30 December 2021**

The directors present their report and the audited financial statements for the company for the year ended 30 December 2021.

Dividends and transfers to reserves

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

The directors do not recommend the payment of a dividend (2020: £Nil) in respect of the year ended 30 December 2021 and the loss for the financial year has been transferred to reserves.

Financial risk management

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

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

Credit risk

The company has implemented policies that require robust credit and know your customer (KYC) checks on potential customers before loans are advanced, along with monitoring of subsequent repayments. JBR has developed a proprietary bespoke credit scoring system to reduce manual input on the underwriting of smaller loan balances. All customers are subject to credit verification and affordability checks. The agreements that are entered into are secured on motor vehicles. Default and loss rates are continuously reviewed and results fed back into underwriting.

Liquidity risk

The company has long-term debt finance that matches the maturity of its customer loans and is designed to ensure the company has sufficient available funds for its lending operations. The finance function is responsible for the company's liquidity and funding requirements and ensures that there is significant capital and funding to meet requirements as the business plan and forecasts require.

Interest rate risk

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

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are detailed on page 1. S Benaim resigned on 28 February 2021.

Director's Indemnities

The Company's Article of Association provide that the Company may indemnify any Director or former Director of the Company or an associated company against any liability and may purchase and maintain for any Director of the Company or any associated company insurance against any liability. The Company has maintained Directors' and Officers' liability insurance throughout 2021.

Going Concern

The financial statements have been prepared on the going concern basis as the Directors of the Company are satisfied that the Company has adequate resources to continue in business for the foreseeable future.

The Company has successfully navigated the Covid-19 crisis and the loan book and yield continue to increase gradually month on month.

During 2021, the Company has entered into a new funding facility which provides a funding platform to continue to grow.

The Directors of the Company, have prepared financial projections covering the period to 30 December 2023. These forecasts have been prepared on the basis of the current status of the increased banking facilities with improved terms as described above and also taking into account the new mezzanine funding facility.

The forecasts also take into account the continued availability of confirmed finance facilities from the senior funders and demonstrate that the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. On 27 June 2022 the terms of the loan from the note holders were renegotiated with the redemption date changed to 1 February 2025. The directors therefore continue to adopt the going concern basis in preparing the group and company's financial statements.

The Company operates solely in the United Kingdom and has not been directly impacted by changes to trading arrangements with the EU and the rest of the world resulting from the United Kingdom's withdrawal from the EU on 31 January 2020. However, the directors continue to monitor any potential impacts in the wider financial markets and supply chain.

Interest of the company's employees

The company is committed to pursuing equality and diversity in all its employment activities including recruitment, training, career development and promotion and ensuring there is no bias or discrimination in the treatment of its employees. Staff are consulted regularly about changes which may affect them and feedback is sought throughout this communication process as well as via regular one to one and other feedback sessions, colleague engagement surveys and 'town halls'.

The Company is building on solid foundations to embed its Vision and Values into everyday organisational culture and distributes quarterly surveys to ensure there is regular insight as to how colleagues are feeling and what issues or changes need focus.

Senior management held regular meetings between departmental heads and their teams to ensure all employees were kept up to date with changes and new project plans. Employees have continued to be supported in terms of training and wellbeing activities, particularly in terms of support whilst continuing to work from home over the course of the Covid-19 pandemic and then in the return to an office environment.

The Company has established committees and 'Wellness Champions' within the business to lead social projects and colleague led charity programmes and will partner with local charities to increase community engagement and be a force for good in the local community.

Environmental performance

The company is actively looking into measures to reduce carbon emissions and environmental impacts. Recent examples of this are moving the sales force into hybrid vehicles and the addition of split recycling waste bins in the workplace.

The company has recently worked with a consultancy firm to calculate internal greenhouse gas emissions to provide a baseline moving forward and to establish a reduction target to reduce our gross, global scope 1, 2 and selected scope 3 emissions in tonnes of CO2 intensity output by 10% from this baseline model to financial year 2022.

The Company is committed to following the Oxford Principles of Net Zero Aligned Carbon Offsetting and will use carbon-offsetting funds to support projects that prevent fossil carbon being released into the

Key performance indicators

The company has introduced several reports to track the performance of the company along all dimensions. The following is a summary of our KPIs for 2021:

| | 2021 | 2020 |
|--|--------|--------|
| Gross Interest Margin | 7.4% | 7.8% |
| Cost of Funds | 2.0% | 2.0% |
| Net Interest Margin | 5.7% | 5.6% |
| Impairment Rate | 0.2% | 1.6% |
| PBT Margin before shareholder interest | 6.7% | 11.6% |
| Originations (£'m) | £158.3 | £29.0 |
| Loan Book Size (£'m) | £198.5 | £167.3 |
| Gross Yield (Origination) | 7.5% | 7.5% |
| Net Yield (Origination) | 6.8% | 6.8% |

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

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

Directors' confirmations

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

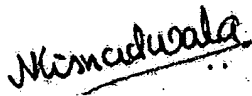
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

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

Independent auditors

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

On behalf of the Board



N V Kisnadwala
Director
Date: 20th July 2022

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 2021 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, 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: Balance sheets as at 30 December 2021; Consolidated statement of comprehensive income, Balance sheets, Consolidated statement of changes in equity, Consolidated and Company statements of changes in equity and Consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- discussions with management to consider any known or suspected instances of non-compliance with laws and regulation and fraud;
- review of relevant meeting minutes including those of the Board of Directors and regulatory correspondence;
- challenging assumptions and judgements made by management for significant accounting estimates; and
- identifying and testing journal entries, in particular, those which met specific fraud risk criteria.

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

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

Use of this report

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

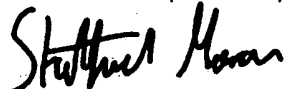
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Stafford Moran (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
21 July 2022

**Consolidated statement of comprehensive income
for the year ended 30 December 2021**

| | Note | 2021 £000 | 2020 £000 |
|--|-------------|----------------------|----------------------|
| Interest receivable and similar income | 5 | 12,299 | 16,158 |
| Fees receivable | | 303 | 328 |
| Total revenue | | 12,602 | 16,486 |
| Interest payable and similar expenses | 6 | (4,337) | (5,548) |
| Net interest and fee income | | 8,265 | 10,938 |
| Other Operating Income | | 22 | 325 |
| Administrative expenses | 8 | (8,446) | (10,368) |
| Profit (Loss) before taxation | 9 | (159) | 895 |
| Tax on Loss | 10 | (113) | (376) |
| Profit (Loss) for the financial year | | (272) | 519 |
| Other comprehensive income | | - | - |
| Total comprehensive income (expense) for the year | | (272) | 519 |

JBR Auto Holdings Limited

14

Registered number: 09349929

Balance sheets as at 30 December 2021

| | Notes | Group 2021 £000 | Company 2021 £000 | Group 2020 £000 | Company 2020 £000 |
|--|-------|-----------------------|-------------------------|-----------------------|-------------------------|
| Fixed assets | | | | | |
| Investments | 11 | | 23,526 | - | 23,526 |
| Intangible assets | 12 | 633 | - | 449 | - |
| Tangible assets | 12 | 294 | - | 188 | - |
| | | 927 | 23,526 | 637 | 23,526 |
| Other assets | | | | | |
| Debtors: amounts falling due after one year | 13 | 150,938 | 2,062 | 99,962 | - |
| Debtors: amounts falling due within one year | 13 | 47,924 | - | 67,795 | - |
| Cash at bank and in hand | | 21,834 | - | 13,212 | - |
| | | 220,696 | 2,062 | 180,969 | - |
| Creditors: amounts falling due within one year | 14 | (45,566) | (852) | (60,080) | (232) |
| Net current (liabilities)/assets | | 175,130 | 1,210 | 120,889 | (232) |
| Total assets less current liabilities | | 176,057 | 24,736 | 121,526 | 23,294 |
| Creditors: amounts falling due after more than one year | 15 | (144,760) | (1,131) | (92,024) | (1,589) |
| Provision for other liabilities | 18 | (323) | (5) | (256) | (9) |
| Net assets | | 30,974 | 23,600 | 29,246 | 21,696 |
| Capital and reserves | | | | | |
| Called up share capital | 20 | 2,001 | 2,001 | 1 | 1 |
| Share premium | | 22,525 | 22,525 | 22,525 | 22,525 |
| Profit and loss account | | 6,448 | (926) | 6,720 | (830) |
| Total shareholders' funds | | 30,974 | 23,600 | 29,246 | 21,696 |

The financial statements on pages 13 to 31 were approved and authorised for issue by the Board of Directors on 20 July 2022 and were signed on its behalf by:

N V Kisnadwala

N V Kisnadwala
Director

The Company has taken the exemption under S408 of the Companies Act 006 and not published its own

**Consolidated statement of changes in equity
for the year ended 30 December 2021**

| | Called up share capital | Share Premium | Profit and loss account | Total shareholders' funds |
|---|----------------------------|------------------|-------------------------------|---------------------------------|
| | £000 | £000 | £000 | £000 |
| Balance as at 31 December 2019 | 1 | 22,525 | 5,048 | 27,574 |
| Profit for the financial year | - | - | 519 | 519 |
| Total comprehensive income for the year | | | 519 | 519 |
| Capital contribution | | | 1,153 | 1,153 |
| Deferred taxation | | | - | - |
| Balance as at 30 December 2020 | 1 | 22,525 | 6,720 | 29,246 |
| Balance as at 31 December 2020 | 1 | 22,525 | 6,720 | 29,246 |
| Loss for the financial year | | | (272) | (272) |
| Total comprehensive expense for the year | | | (272) | (272) |
| Issue of share capital | 2,000 | | | 2,000 |
| Balance as at 30 December 2021 | 2,001 | 22,525 | 6,448 | 30,974 |

**Company statement of changes in equity
for the year ended 30 December 2021**

| | Called up share capital | Share Premium | Profit and loss account | Total shareholders' funds |
|---|----------------------------|------------------|-------------------------------|---------------------------------|
| | £000 | £000 | £000 | £000 |
| Balance as at 31 December 2019 | 1 | 22,525 | (463) | 22,063 |
| Loss for the financial year | - | - | (367) | (367) |
| Total comprehensive income for the year | - | - | (367) | (367) |
| Balance as at 30 December 2020 | 1 | 22,525 | (830) | 21,696 |
| Loss for the financial year | | | (96) | (96) |
| Total comprehensive expense for the year | | | (96) | (96) |
| Issue of share capital | 2,000 | | | 2,000 |
| Balance as at 30 December 2021 | 2,001 | 22,525 | (926) | 23,600 |

**Consolidated cash flow statement
for the year ended 30 December 2021**

| | 2021 | 2020 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Profit / (Loss) after taxation | (272) | 519 |
| Tax on profit / Loss | 113 | 376 |
| Profit / (Loss) before taxation | (159) | 895 |
| Adjusted for | | |
| Depreciation of tangible assets | 65 | 87 |
| Loss on sale of tangible fixed assets | - | 61 |
| Amortisation of intangible assets | 179 | 922 |
| Working capital movements | | |
| Increase in debtors | 33 | 10 |
| (Decrease)/Increase in creditors | (828) | 984 |
| Net (increase)/decrease in loans and advances to customers | (31,138) | 75,909 |
| Non cash interest | 941 | 1,011 |
| Cash inflow (outflow) from operating activities | (30,907) | 79,879 |
| Tax paid | (742) | (240) |
| Cash flow from investing activities | | |
| Purchase of tangible assets | (171) | (28) |
| Purchase of intangible assets | (363) | (301) |
| Total | (534) | (329) |
| Financing activities | | |
| Proceeds from debt/(Repayment of debt) | 38,805 | (77,514) |
| Issue of share capital | 2,000 | |
| Total | 40,805 | (77,514) |
| Net increase in cash and cash equivalents | 8,622 | 1,796 |
| Cash and cash equivalents at the beginning of the year | 13,212 | 11,416 |
| Cash and cash equivalents at the end of the year | 21,834 | 13,212 |

Reconciliation of net debt

| | At 31 December 2020 £000 | Cash flows £000 | Non cash movements £000 | At 30 December 2021 £000 |
|--------------------------|---|--------------------------------|--|---|
| Cash at bank and in hand | 13,212 | 8,622 | - | 21,834 |
| Loans | 148,230 | 38,805 | 941 | 187,976 |
| Net debt | (135,018) | (30,183) | (941) | (166,142) |

**Notes to the financial statements
for the year ended 30 December 2021****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 2022 along with sensitivity analyses of reasonably plausible alternative outcomes. These forecasts have been prepared on the basis of the current status of the banking facilities as described in the Strategic Report and also take account of the expected impact of COVID 19 on the recovery of loans and the level of the future cost base.

The forecasts 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 2021.

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

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.

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

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.

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

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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

(b) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. The initial reduction in the liability is recognised in equity as a capital contribution.

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

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

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

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

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

The 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

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

- 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

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

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

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

3.12 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.

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

Notes to the financial statements for the year ended 30 December 2021 (continued)

3.13 Administration Expenses

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

3.14 Share capital

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

4 Critical accounting judgements and estimation uncertainty

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

4.1 Special Purpose Vehicle Consolidation

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

4.2 Critical accounting estimates and assumptions

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

If there were to be a 0.5% increase or decrease in the probability of default across the performing loan book would result in a corresponding increase or decrease in the impairment charge of £0.15m

5 Interest receivable and similar income

Loan interest and similar income includes the following:

| | 2021 £000 | 2020 £000 |
|---------------|--------------|--------------|
| Loan interest | 12,299 | 16,158 |

6 Interest payable and similar charges

| | 2021 £000 | 2020 £000 |
|-------------------------|--------------|--------------|
| Bank interest | 3,334 | 4,537 |
| Interest on other loans | 1,003 | 1,011 |
| | 4,337 | 5,548 |

**Notes to the financial statements
for the year ended 30 December 2021 (continued)****7 Employees and directors**

Staff including directors' remuneration was as follows:

| Costs | 2021 £000 | 2020 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 4,294 | 3,583 |
| Social security costs | 543 | 442 |
| Other pension costs | 110 | 116 |
| | 4,947 | 4,141 |

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

| | 2021 Number | 2020 Number |
|--------------------------|----------------|----------------|
| Administration | 50 | 39 |
| Selling and distribution | 9 | 14 |
| | 59 | 53 |

Directors' emoluments

The directors' emoluments were as follows:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Directors' emoluments | 804 | 835 |
| Compensation for loss of office | - | 211 |
| Group contributions to defined contribution pension schemes | 13 | 33 |
| | 817 | 1,079 |

During the year retirement benefits were accruing to 1 director (2020: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £432,784 (2020: £382,335) and compensation for loss of office in 2020 in the amount of £210,849.

The value of the Group's contribution paid to a defined pension scheme in respect of the highest paid director amounted to £0 (2020: £12,587).

Key management compensation

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

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

8 Administration Expenses

| | 2021 £000 | 2020 £000 |
|-------------------------------------|--------------|---------------|
| People costs | 5,202 | 4,270 |
| Legal and Other Professional Fees | 1,045 | 1,602 |
| Marketing Costs | 350 | 170 |
| Rent and Premises Costs | 181 | 192 |
| Depreciation and amortisation | 243 | 1,009 |
| Bad Debt Provision | 316 | 2,952 |
| Credit Costs | 238 | 160 |
| IT, Communication and Hosting Costs | 415 | 320 |
| Other Costs | 456 | 456 |
| Vat Refund | - | (763) |
| | 8,446 | 10,368 |

9 Profit (Loss) before taxation

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Profit before taxation is stated after (crediting)/charging: | | |
| Coronavirus Job Retention Scheme income | 22 | 325 |
| Operating lease charges | 127 | 138 |
| Amortisation of intangible assets | 179 | 522 |
| Impairment of intangible assets | - | 400 |
| Depreciation – owned assets | 65 | 87 |
| Loan Impairment charge | 316 | 2,952 |
| Auditors' remuneration | 85 | 55 |
| Non-audit fees – other assurance | 35 | 35 |
| Non-audit fees – other | - | - |

10 Tax on profit (loss)

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

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Current tax: | | |
| UK corporation tax on profit (loss) for the year | - | 395 |
| Adjustments in respect of prior years | 46 | (68) |
| Total current tax | 46 | 327 |
| Deferred tax: | | |
| Origination and reversal of timing differences | 79 | (19) |
| Adjustment in respect of prior years | (12) | 68 |
| Total deferred tax | 67 | 49 |
| Tax on profit (loss) for the year | 113 | 376 |

Notes to the financial statements for the year ended 30 December 2021 (continued)

Factors affecting the tax charge

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The difference is explained below:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Profit (Loss) before taxation | (159) | 895 |
| Profit (Loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%) | (30) | 170 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 23 | 174 |
| Tax rate changes | 86 | 32 |
| Changes in deferred tax | - | - |
| Adjustments to prior periods | 34 | - |
| Total tax charge | 113 | 376 |

11 Investments

| | Shares in group undertakings £000 |
|------------------------------|---|
| Cost and net book value | 23,526 |
| At 30 December 2021 and 2020 | 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
% holding

Ordinary
100%

JBR Auto Services Limited

Nature of business: Provision of administrative services

Class of shares
% holding

Ordinary
100%

Indirect holdings

JBR Capital Limited

Nature of business: financing of premium and classic motor vehicles

Class of shares
% holding

Ordinary
100%

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

Nature of business: Dormant

Class of shares

% holding

**Ordinary
100%**

JBR Automotive 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 2020 | 1,000 | 1,454 | 2,454 |
| Additions | - | 363 | 363 |
| Released on Disposal | - | - | - |
| At 30 December 2021 | 1,000 | 1,817 | 2,817 |
| Amortisation | | | |
| At 31 December 2020 | 1,000 | 1,005 | 2,005 |
| Charge for the year | - | 179 | 179 |
| Released on Disposal | - | - | - |
| At 30 December 2021 | 1,000 | 1,184 | 2,184 |
| Net book value | | | |
| At 30 December 2021 | - | 633 | 633 |
| At 30 December 2020 | - | 449 | 449 |

Tangible assets

Group

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

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

13 Debtors

| | Group 2021 | Company 2021 | Group 2020 | Company 2020 |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
| | £000 | £000 | £000 | £000 |
| Amounts falling due after one year: | | | | |
| Loans and advances to customers | 150,925 | - | 99,961 | - |
| Derivative financial instruments | 13 | - | 1 | - |
| Amounts owed by group undertakings | - | 2,062 | - | - |
| | 150,938 | 2,062 | 99,962 | - |
| Amounts falling due within one year: | | | | |
| Amounts owed by group undertakings | | | | |
| Loans and advances to customers | 47,550 | - | 67,376 | - |
| Derivative financial instruments | 4 | - | - | - |
| Other debtors, prepayments and accrued income | 370 | - | 419 | - |
| | 47,924 | - | 67,795 | - |
| Total debtors | 198,862 | 2,062 | 167,757 | - |

| | 2021 £000 | 2020 £000 |
|--------------------------------|----------------------|----------------------|
| Allowances for losses on loans | 2,718 | 1,130 |
| Provision for bad debts | 316 | 2,952 |
| Write-off of loans | (470) | (1,364) |
| | 2,564 | 2,718 |

Loans are stated after provisions for losses of £2,56m (2020: £2,72m).

Company: Amounts owed by group undertakings are unsecured, bear interest at a fixed rate of 11% and are repayable on 30 November 2025.

Loans and advances to customers

| | Group 2021 £000 | Group 2020 £000 |
|---|--------------------------------|--------------------------------|
| Advances under hire purchase contracts and finance leases | 201,039 | 170,055 |
| Gross loans and advances to customers | 201,039 | 170,055 |
| Less allowances for losses on loans and advances | (2,564) | (2,718) |
| Net loans and advances to customers | 198,475 | 167,337 |
| Of which: | | |
| Due within one year | 47,550 | 67,376 |
| Due after one year and no later than five years | 150,925 | 99,961 |
| | 198,475 | 167,337 |

Notes to the financial statements for the year ended 30 December 2021 (continued)

Loans and advances to customers are analysed as follows:

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Gross investment: | | |
| - no later than one year | 60,700 | 77,892 |
| - later than one year and no later than five years | 169,544 | 108,343 |
| | 230,244 | 186,235 |
| Unearned future finance income | (31,769) | (18,898) |
| Net investment | 198,475 | 167,337 |

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 £2,564,000 (2020: £2,718,000).

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 note 16. 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 2021 £000 | Company 2021 £000 | Group 2020 £000 | Company 2020 £000 |
|------------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Bank loans (see note 15) | 43,216 | - | 56,206 | - |
| Trade creditors | - | - | 463 | - |
| Corporation tax | 12 | - | 708 | - |
| Other taxation and social security | 397 | - | 572 | - |
| Amounts owed to group undertakings | - | 437 | - | 5 |
| Accruals | 1,941 | 415 | 2,131 | 226 |
| | 45,566 | 852 | 60,080 | 231 |

15 Creditors: amounts falling due after more than one year

| | Group 2021 £000 | Company 2021 £000 | Group 2020 £000 | Company 2020 £000 |
|---------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Loans (see note 16) | 144,760 | 1,131 | 92,024 | 1,589 |
| | 144,760 | 1,131 | 92,024 | 1,589 |

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

16 Loans

An analysis of the maturity of loans is given below:

| | Group 2021 £000 | Company 2021 £000 | Group 2020 £000 | Company 2020 £000 |
|---|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Amounts falling due within one year | | | | |
| Bank Loans | 43,216 | - | 56,206 | - |
| | 43,216 | - | 56,206 | - |
| Amounts falling due between one and five years: | | | | |
| Bank Loans | 134,432 | - | 82,024 | - |
| Deep Discount Loan Notes (DDNs) | 1,008 | 1,008 | 1,410 | 1,410 |
| Zero Coupon Notes (ZCNs) | 9,320 | 123 | 8,590 | 179 |
| | 144,760 | 1,131 | 92,024 | 1,589 |

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%. 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 2021, the Group had commitments to the following future minimum lease payments under non-cancellable operating leases expiring as follows:

Payments due:

| | 2021 £000 | 2020 £000 |
|---|----------------------|----------------------|
| Not later than one year | 144 | 138 |
| Later than one year and not later than five years | 585 | 23 |
| Total | 729 | 161 |

18 Provision for other liabilities

| Group | 2021 £000 | 2020 £000 |
|------------------------|----------------------|----------------------|
| Deferred tax liability | 323 | 256 |

The deferred tax liability is summarised below:

| | 2021 £000 | 2020 £000 |
|--------------------------------|----------------------|----------------------|
| Accelerated capital allowances | 178 | 89 |
| Other timing differences | 181 | 167 |
| Losses | (36) | - |
| Total liability | 323 | 256 |

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

Company

| | 2021 £000 | 2020 £000 |
|--------------------------|----------------------|----------------------|
| Other timing differences | 5 | 9 |

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

| | Group £000 | Company £000 |
|---------------------------------------|-----------------------|-------------------------|
| At 31 December 2020 | 256 | 9 |
| Charged/(credited) to profit and loss | 79 | (4) |
| Adjustments in respect of prior years | (12) | - |
| Total liability | 323 | 5 |

19 Financial instruments

The company has the following financial instruments:

| Group | 2021 £000 | 2020 £000 |
|---|----------------------|----------------------|
| Financial assets at fair value through profit or loss | 17 | 1 |
| Financial assets that are debt instruments measured at amortised cost | 198,845 | 167,756 |
| Financial liabilities measured at amortised cost | 189,917 | 150,824 |

| Company | 2021 £000 | 2020 £000 |
|---|----------------------|----------------------|
| Financial assets that are debt instruments measured at amortised cost | 2,062 | - |
| Financial liabilities measured at amortised cost | 1,981 | 1,821 |

20 Called up share capital

| | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| 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 |
| 2,000,000 Preference A £1.00 each | 2,000,000 | - |
| | 2,000,525 | 525 |

**Notes to the financial statements
for the year ended 30 December 2021 (continued)**

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.

2,000,000, Preference A shares issued in 2021 are redeemable provides 11% annual return on redemption.

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 one of the company's director and one previous director who left the company £941,000 of interest was charged on this borrowing in the year (2020: £1,011,000). Amounts of £0 (2020: £31,862) were due to the group from the directors, the amounts were interest free and unsecured and were repaid in Mar 2021.

22 Ultimate parent undertaking and controlling party

The immediate parent undertaking is JBR Auto Finance Limited. The only Group in which the results of the Company are consolidated is that headed by JBR Auto Holdings Limited. The directors consider the ultimate parent company and controlling related party of this company at 30 December 2021 to be C S Capital Partners IV LP.

23 Post balance sheet events

On 18 January 2022, JBR Capital Limited secured an increase in the senior funding facility with improved terms. On 29 March 2022, JBR Capital Limited concluded a mezzanine funding facility at favourable rates which secures sufficient funding to meet origination targets and business objectives over the next 18 months. On 27 June 2022 the terms of the loan from the note holders were renegotiated with the redemption date changed to 1 February 2025.

The war in Ukraine has not affected operations and has no material effect on JBR Capital as the company does not fund sanctioned Russian parties.