

CAR BENEFIT HOLDINGS LIMITED
Company Registration No. **4722006**

Annual report and consolidated financial statements
31 December 2018



CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	6
Independent auditor's report to the members of Car Benefit Holdings Limited	7
Consolidated income statement and statement of other comprehensive income	10
Statements of financial position	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated cash flow statement	14
Notes to the financial statements	15

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dennis Studholme

Martin Maguire

Neil Davies

Paul Taylor

COMPANY SECRETARY

Paul Taylor

REGISTERED OFFICE

The Barracks

400 Bolton Road

Bury

Lancashire

BL8 2DA

BANKER

Bank of Scotland

19-21 Spring Gardens

Manchester

M2 1FB

INDEPENDENT AUDITOR

KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

STRATEGIC REPORT

The directors present their Strategic report for the year ended 31 December 2018.

Principal activities

The company is the holding company of a group specialising in consultancy, management services, the provision of car ownership schemes, funding and related activities. The company also operates as a central treasury company to the group.

Business review

The company's and the group's primary business activity for the year ended 31 December 2018 was the provision of consultancy, management services and the sale and financing of cars, all in respect of employee car ownership schemes.

The group's gross sales for the year (a non-GAAP measure) were £1,412,291,371, (2017: £1,032,263,737), representing an increase of 36.8% on 2017. The profit before tax for the group was £9,951,081 (2017: £8,001,893), which represents an increase of 24.4%. Turnover for the year was £38,212,402 (2017: £29,865,889). The fleet size has grown from 14,031 units at 31 December 2017 to a total of 16,900 units as at 31 December 2018. In the same period the loan book has grown from £317,606,509 to £390,791,387.

The group continues to grow and the directors feel it is well positioned strategically and financially to continue this expansion as the portfolio of clients grows. All of the growth experienced in the group has been organic and the directors intend to continue with this strategy.

The board of directors uses gross sales, profit before tax, cash flow from operating activities and gearing as the key business indicators in assessing the performance and financial risks incurred by the group.

Business environment

There are three main categories of trade operated by the group. These categories are (a) consultancy (b) management services and (c) sale of vehicles and the associated loan funding. Of these three categories the majority of the gross sales is generated from the sale of the vehicles and associated vehicle loan funding. The directors do not anticipate any change in these categories but expect the vehicle sale and associated loan funding to generate a greater relative share of the income in the future.

Financial risk management

The group's operations and trade expose it to a variety of financial risks including interest rate risk, liquidity risk and credit risk. The directors manage these risks in a number of ways. In terms of the interest rate exposure the vast majority of the funding applied in the loan book is at an interest rate fixed from the date it is drawn down until repaid. A small proportion of the funding (8%) is not fixed in this manner and should the market interest rate sharply increase then the group may incur a loss on these individual contracts. These contracts are for a term of no more than twelve months, the losses would be limited and the opportunity to re-price all of the contracts would be forthcoming within twelve months.

Liquidity risk

The group has increased the funding facilities available in the financial year to December 2018. The group has adequate facilities with the various funding partners and banks to continue to trade and grow.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

STRATEGIC REPORT (continued)

Credit risk

The group operates a strict and documented treasury plan to ensure that sufficient cash is available at all times to fund working capital requirements for ongoing operations.

The group's principal financial assets are cash and bank balances, credit agreement loans, trade and other receivables. The risk involved in the granting of credit and the recoverability of trade receivables is actively managed and monitored within the group.

Principal risks and uncertainties

In addition to normal business risks such as turnover, cash flow, investment returns etc. the directors regard the availability of wholesale funding lines and cost of those funding lines to be a key risk to the business. The directors manage this risk through the investment in the equity book, which in addition to demonstrating a strong balance sheet, provides funders with the comfort that the business has a significant investment in the same class of asset as the funders.

The directors regard a significant deterioration in the value of the second hand vehicle market to be a risk to future income but not to the existing net worth as the group's exposure to that risk is not material in the context of the overall balance sheet.

Any reduction in manufacturer registration targets can be regarded as a risk as it may impact the sales channels which the manufacturers wish to use. At this stage and for the medium term the directors do not consider there is a realistic prospect of such targets being reduced.

The overall general state of the economy and employee purchasing power are key risk indicators as the group's automotive customer base may not have the appetite or the financial ability to either purchase new vehicles, in the case of the employee or the second hand vehicle, in the case of the employer.

The Directors are aware of the potential impact of Brexit on the wider UK economy and the Automotive Sector in particular. Currently the terms of departure from the EU are unclear, and as a consequence the Directors maintain a cautious outlook. The Directors remain confident that our automotive partners remain committed to the UK Automotive Sector and that they will respond to positively to any challenge that Brexit may bring.

Strategy and Future Developments

The directors are confident that the group is well placed to continue to expand and to grow organically. The directors are of the opinion that the sound financial platform that the group has built over the years of trading has left it well positioned to enjoy future expansion and growth. The group is continuing with a significant investment in the operating platform and personnel to ensure it is well placed and properly structured to meet the requirements of future growth. The group has documented business plans, including customer targets for funding, for the period to December 2021. The projections for this period illustrate that the group will continue to be profitable.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

STRATEGIC REPORT (continued)

The group continues to expand its customer base and continues to develop customer relationships based on both active marketing and customer referral.

Key Performance Indicators

The group uses a number of key financial and non financial indicators and measures to assess the business performance. As outlined above these include gross sales, profitability, the value and recoverability of the loan book and the overall fleet size. The relevant figures for the financial year to 31 December 2018 are outlined earlier in this strategic report.

Accounting

The group has sound accounting disciplines, policies and suitably qualified personnel to report on the business activity and forecast future growth. All the accounting and reporting, other than the presentation of the non GAAP measure of gross sales, is in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report was approved by the board and signed on its behalf by;



Paul Taylor
Company Secretary
27 June 2019

The Barracks
400 Bolton Road
Bury BL8 2DA

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

DIRECTORS' REPORT

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2018.

Dividends and transfer to reserves

The profit for the financial year is £8,058,739 (2017: £6,488,568). The directors have paid a dividend amounting to £1,853,827 (2017: £1,623,856), and distributed profits of £97,376 (2017: £125,598) from Car Benefit Schemes LLP. The remaining profit for the year of £6,107,536 (2017: £4,739,114) has been transferred to reserves.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Dennis Studholme
Martin Maguire
Neil Davies
Paul Taylor

Political contributions

Neither the company nor any of its subsidiaries made any political donations nor incurred any political expenditure during the year (2017: £nil).

Disclosure of information to auditor

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

Post balance sheet events

There have been no significant events affecting the company or the group since the year end.

Independent auditor

The auditor, KPMG LLP, have indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Paul Taylor
Company Secretary
27 June 2019

The Barracks
400 Bolton Road
Bury BL8 2DA

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAR BENEFIT HOLDINGS LIMITED

Opinion

We have audited the financial statements of Car Benefit Holdings Limited for the year ended 31 December 2018 which comprise the Consolidated income statement and statement of other comprehensive income, Consolidated balance sheet, Group and company statements of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAR BENEFIT HOLDINGS LIMITED (continued)

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

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

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

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAR BENEFIT HOLDINGS LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

2 July 2019

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 £	2017 £
Non GAAP measures:			
Revenue		38,212,402	29,865,889
Vehicle sales		1,374,078,969	1,002,397,848
GROSS SALES	4	1,412,291,371	1,032,263,737
Vehicle purchases		(1,374,078,969)	(1,002,397,848)
TURNOVER		38,212,402	29,865,889
TURNOVER	4	38,212,402	29,865,889
Cost of sales		(10,096,138)	(6,649,908)
GROSS PROFIT		28,116,264	23,215,981
Net operating expenses		(18,190,816)	(15,210,973)
OPERATING PROFIT	6	9,925,448	8,005,008
Other interest receivable and similar income	7	32,725	13,848
Interest payable and similar expenses	8	(7,092)	(16,963)
PROFIT BEFORE TAXATION		9,951,081	8,001,893
Tax on profit	9	(1,892,342)	(1,513,325)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,058,739	6,488,568
Profit attributable to:			
Owners of the parent		8,058,739	6,488,568

Gross sales is a non GAAP measure.

For 2017 and 2018 there has been no income or expense in other comprehensive income except for the profit for the financial year.

All activities relate to continuing operations.

The company has elected to take the exemption under s408 of the Companies Act 2006 not to present the company income statement. The profit for the company for the year was £6,697,840 (2017: £5,511,292).

The notes on pages 15 to 30 form an integral part of these financial statements.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

STATEMENTS OF FINANCIAL POSITION


As at 31 December 2018

		Group		Company	
	Note	2018	2017	2018	2017
		£	£	£	£
FIXED ASSETS					
Investments in group undertakings	11	-	-	30,284	30,284
Tangible fixed assets	12	161,004	111,185	-	-
CURRENT ASSETS					
Stock	13	118,388	47,687	-	-
Debtors – amounts falling due within one year	14	378,187,540	304,591,429	37,796,542	28,539,203
Debtors – amounts falling due after more than one year	14	34,796,330	35,438,011	-	-
Total debtors		412,983,870	340,029,440	37,796,542	28,539,203
Cash at bank and in hand	15	3,853,086	5,604,364	486,638	2,208,095
		416,955,344	345,681,491	38,283,180	30,747,298
CREDITORS: amounts falling due within one year	16	(334,147,274)	(275,305,915)	(694,392)	(635,012)
NET CURRENT ASSETS		82,808,070	70,375,576	37,588,788	30,112,286
Total assets less current liabilities		82,969,074	70,486,761	37,619,072	30,142,570
CREDITORS: amounts falling due after more than one year	17	(29,027,897)	(25,275,902)	-	-
Provisions for other liabilities					
Deferred tax liability	18	-	(9,707)	-	-
NET ASSETS		53,941,177	45,201,152	37,619,072	30,142,570
CAPITAL AND RESERVES					
Called up share capital	19	31,685	31,685	31,685	31,685
Share premium account		1,276	1,276	1,276	1,276
Subordinated loans	20	10,730,844	8,098,355	10,730,844	8,098,355
Profit and loss account		43,177,372	37,069,836	26,855,267	22,011,254
TOTAL EQUITY		53,941,177	45,201,152	37,619,072	30,142,570

The notes on pages 15 to 30 form an integral part of these financial statements.

The financial statements on pages 10 to 30 were approved by the board of directors on 27 June 2019 and were signed on its behalf by

Martin Maguire, Director
Car Benefit Holdings Limited
Registered number 4722006



CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called- up share capital £	Share premium £	Subordinated loans £	Retained earnings £	Total £
Balance as at 1 January 2017	31,685	1,276	5,376,649	32,330,722	37,740,332
Profit for the year	-	-	-	6,488,568	6,488,568
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,488,568	6,488,568
Issue of subordinated loans	-	-	2,721,706	-	2,721,706
Profits distributed to members'	-	-	-	(125,598)	(125,598)
Dividends	-	-	-	(1,623,856)	(1,623,856)
Total contributions by and distributions to owners	-	-	2,721,706	(1,749,454)	972,252
Balance as at 31 December 2017	31,685	1,276	8,098,355	37,069,836	45,201,152
Balance as at 1 January 2018	31,685	1,276	8,098,355	37,069,836	45,201,152
Profit for the year	-	-	-	8,058,739	8,058,739
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	8,058,739	8,058,739
Issue of subordinated loans	-	-	2,632,489	-	2,632,489
Profits distributed to members	-	-	-	(97,376)	(97,376)
Dividends	-	-	-	(1,853,827)	(1,853,827)
Total contributions by and distributions to owners	-	-	2,632,489	(1,951,203)	(681,286)
Balance as at 31 December 2018	31,685	1,276	10,730,844	43,177,372	53,941,177

The notes on pages 15 to 30 form an integral part of these financial statements.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

COMPANY STATEMENT OF CHANGES IN EQUITY

	Called- up share capital £	Share premium £	Subordinated loans £	Retained earnings £	Total £
Balance as at 1 January 2017	31,685	1,276	5,376,649	18,123,818	23,533,428
Profit for the year	-	-	-	5,511,292	5,511,292
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,511,292	5,511,292
Issue of subordinated loans	-	-	2,721,706	-	2,721,706
Dividends	-	-	-	(1,623,856)	(1,623,856)
Total contributions by and distributions to owners	-	-	2,721,706	(1,623,856)	1,097,850
Balance as at 31 December 2017	31,685	1,276	8,098,355	22,011,254	30,142,570
Balance as at 1 January 2018	31,685	1,276	8,098,355	22,011,254	30,142,570
Profit for the year	-	-	-	6,697,840	6,697,840
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,697,840	6,697,840
Issue of subordinated loans	-	-	2,632,489	-	2,632,489
Dividends	-	-	-	(1,853,827)	(1,853,827)
Total contributions by and distributions to owners	-	-	2,632,489	(1,853,827)	778,662
Balance as at 31 December 2018	31,685	1,276	10,730,844	26,855,267	37,619,072

The notes on pages 15 to 30 form an integral part of these financial statements.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2018

	2018		2017	
	£	£	£	£
Cash flows from operating activities				
Profit for the year	8,058,739		6,488,568	
<i>Adjustments for:</i>				
Depreciation, amortisation and impairment	75,657		80,008	
Tax on profit on ordinary activities	1,892,343		1,513,325	
Net interest expense/(income)	(25,633)		3,115	
Increase in trade and other debtors	(72,775,018)		(110,966,296)	
(Increase)/decrease in stocks	(70,701)		(36,951)	
Increase in trade and other creditors	(9,493,051)		17,707,424	
Increase in assignment of credit agreements	71,374,134		87,357,355	
Taxation paid	(1,369,191)		(1,533,571)	
Net cash (used in)/generated from operating activities		(2,332,721)		612,977
Cashflow from investing activities				
Purchase of tangible assets	(125,476)		(90,343)	
Proceeds from disposals of tangible assets	-		15,090	
Interest received	32,725		13,848	
Net cash used in investing activities		(92,751)		(61,405)
Cashflow from financing activities				
Equity dividend paid to owners of the parent	(1,853,827)		(1,623,856)	
Profit share distribution	(97,376)		(125,598)	
Issue of subordinated loans	2,632,489		2,721,706	
Interest paid	(7,092)		(16,963)	
Net cash generated from financing activities		674,194		955,289
Net (decrease)/increase in cash and cash equivalents		(1,751,278)		1,506,861
Cash and cash equivalents at the beginning of the year		5,604,364		4,097,503
Cash and cash equivalents at the end of the year		3,853,086		5,604,364

The notes on pages 15 to 30 form an integral part of these financial statements.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

1. GENERAL INFORMATION

Car Benefit Holdings Limited ("the company") is the holding company of a group specialising in consultancy, management services, the provision of car ownership schemes and related funding activities. The company also operates as a central treasury company to the group.

The company is a private company limited by shares and incorporated and domiciled in the UK. The address of its registered office is The Barracks, 400 Bolton Road, Bury, Lancashire, BL8 2DA.

2. STATEMENT OF COMPLIANCE

The group and individual financial statements of Car Benefit Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"), the Companies Act 2006, and The Large and Medium Sized Groups (Accounts and Reports) Regulations 2008 (SI2008/410).

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention.

Under S408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Going concern

The company meets its day to day working capital requirements through the generation of cash from trading operations combined with committed bank facilities. The company's forecast and projections taking account of reasonably possible changes in trading performance show that the company should be able to operate within the level of its current cash generation and facilities. After making enquiries the directors expect that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and all its subsidiary undertakings made up to 31 December 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

3. ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Judgements, estimates and assumptions

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not believe that there are any accounting policies that would be likely to produce materially different results should there be a change to the underlying judgements, estimates and assumptions.

Revenue recognition

Revenue is recognised at the point where the group has performed all its contractual obligations. Income received in advance of contractual performance is deferred in the balance sheet until the contractual obligations have been met.

Under UK GAAP, revenue represents interest and maintenance income from Credit agreements, contract hire income and fees for services, all of which fall within the group's ordinary activities excluding value added tax.

Gross sales include revenue and the proceeds of sales of vehicles. Whilst a non-GAAP measure, the directors feel such amounts should be included to properly present the business activities and scale of business operations (see note 4).

Dividend income

Dividend income is recognised when the right to receive payment is established.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Accounting for Credit agreements

Credit agreements written by subsidiary undertakings in respect of the sale of motor vehicles and ancillary services are accounted for as basic financial instruments. Finance income included in and associated with such Credit agreements is recognised as turnover in the profit and loss account using the effective interest method.

Maintenance services that form a composite part of the Credit agreement are recognised as turnover evenly over the term of the agreement. To the extent that future predicted maintenance costs exceed contracted maintenance income, a provision is made specific to each Credit agreement. Excess mileage charges are recognised only on termination of the Credit agreement.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

3. ACCOUNTING POLICIES (continued)

Accounting for Credit agreements

Credit agreements include a Guaranteed Residual Value buy back option. This option allows the customers to request the vehicle be repurchased on the scheduled agreement end date for a guaranteed value, subject to mileage and vehicle condition. In the event that it can be predicted that the market value of the vehicle will be less than the Guaranteed Residual Value then an impairment of the debtor is made specific to each Credit agreement. Vehicles which are repurchased are accounted for as stock at the lower of cost and net realisable value. Automotive schemes feature a buyback agreement with the dealer group or manufacturer for all returned vehicles, throughout the contract term.

Credit agreements may be assigned by subsidiary undertakings to a third party funder. Unless the assignment is for a single, fixed, non-returnable amount the Credit agreement continues to be recognised as an asset. A liability equal to the assignment consideration is also recognised.

Investments

Fixed assets investments are shown at cost less provision for impairment.

Accounting for contract hire agreements

Short term contract hire agreements are treated as operating leases and the vehicles treated as tangible fixed assets.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The group assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	3 years straight line
Office fixtures and fittings	5 years straight line
Contract hire vehicles	over the remaining term of the original contract on a straight line basis to reduce its value to its expected residual value.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the group expects to consume an asset's future economic benefits.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

3. ACCOUNTING POLICIES (continued)

Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. At each reporting date stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

a). Trade and other debtors / creditors

Trade and other debtors are recognised initially at the transaction price less attributable transaction costs. Trade and other creditors are recognised initially at the transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

b). Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

c). Cash and cash equivalents

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

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

3. ACCOUNTING POLICIES (continued)

Impairment (excluding stocks and deferred tax assets)

The carrying amounts of the company's assets, other than, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit, (group of units), on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Expenses

a). Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease, unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

b). Interest income and interest payable

Interest income and interest payable are recognised in the profit and loss as they accrue, using the effective interest method.

c). Borrowing costs

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

d). Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. Expenditure on development activities is recognised in the profit and loss account as an expense as incurred.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

3. ACCOUNTING POLICIES (continued)**Taxation**

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

4. TURNOVER AND GROSS SALES

	2018	2017
	£	£
Finance income from Credit agreements	36,824,846	29,207,512
Consultancy, scheme management and other income	1,387,556	658,377
TURNOVER	38,212,402	29,865,889
Vehicle sales proceeds	1,374,078,969	1,002,397,848
GROSS SALES	1,412,291,371	1,032,263,737

The turnover and gross sales, all of which arises in the United Kingdom, is attributable to one activity, the principal activity of the group, and therefore no further segmental analysis is required.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2018	2017
	No	No
Monthly average number of persons employed		
Directors	4	4
Sales & Marketing	60	46
Administration	62	56
	126	106
Staff costs during the year (including directors)	£	£
Wages and salaries	12,562,788	11,306,703
Social security costs	1,593,859	1,514,606
Other pension costs	190,541	153,232
Staff costs charged to profit and loss	14,347,188	12,974,541
Directors' remuneration	£	£
Total emoluments	9,553,315	8,718,431
Pension contributions	20,768	20,768
	9,574,083	8,739,199
The emoluments of the highest paid director were as follows:		
Emoluments	3,001,667	2,738,720
Pension	8,154	8,154
	3,009,821	2,746,874

Of the total Directors' remuneration £4,966,960 (2017: £5,135,292) has been reinvested in long term capital in Car Benefit Holdings Limited. The capital carries no redemption date (see Note 20). Three directors (2017: *three*) are members of money purchase pension schemes through group undertakings. All amounts due under money purchase pension schemes have been paid during the year.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

6. EXPENSES AND AUDITOR'S REMUNERATION

	2018	2017
	£	£
Included in the profit and loss account are the following:		
Operating lease rentals:		
Land and buildings	168,238	127,732
Motor vehicles	1,729	22,692
Interest payable on funds used to fund Credit agreements	9,705,965	6,560,636
Auditor's remuneration		
Audit of subsidiary undertakings financial statements	42,250	36,000
Audit of these financial statements (parent company)	<u>18,064</u>	<u>15,250</u>

There were no non-audit fees in the current or prior year.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Bank interest receivable	32,492	13,679
Other interest receivable	<u>233</u>	<u>169</u>
	<u>32,725</u>	<u>13,848</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest payable	7,092	16,893
Other interest payable	<u>-</u>	<u>70</u>
	<u>7,092</u>	<u>16,963</u>

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Total tax expense recognised in the profit and loss account.

	2018 £	2017 £
Current tax		
UK corporation tax	2,083,120	1,520,898
Adjustment in respect of prior years	(1,658)	(12,709)
Deferred tax		
Origination and reversal of timing differences	(188,651)	5,136
Adjustment in respect of prior years	(469)	-
Total tax	<u>1,892,342</u>	<u>1,513,325</u>

ii) Reconciliation of effective tax rate:

The tax for the year is higher (2017: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit for the year	8,058,739	6,488,568
Taxation	<u>1,892,342</u>	<u>1,513,325</u>
Profit for the year before tax	<u>9,951,081</u>	<u>8,001,893</u>
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	1,890,706	1,540,364
Effects of:		
Adjustment in respect of prior years	(2,127)	(12,709)
Tax on partnership drawings	(18,502)	(16,419)
Difference between capital allowances and depreciation	-	1,962
Amounts relating to changes in tax rates	22,193	-
Non deductible expenses	<u>72</u>	<u>127</u>
Total current tax	<u>1,892,342</u>	<u>1,513,325</u>

iii) Factors affecting current and future tax charges:

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated based on these rates.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

10. DIVIDENDS ON EQUITY SHARES

	2018 £	2017 £
Equity – Ordinary		
Final 2018 paid (2017: Final 2017 paid)	1,853,827	1,623,856
	<u>1,853,827</u>	<u>1,623,856</u>

11. INVESTMENTS IN GROUP UNDERTAKINGS

Cost	Group £	Company £
At 1 January and 31 December 2018	<u>-</u>	<u>30,284</u>

The company has the following investments in subsidiaries. All subsidiaries have the same registered office as the Group.

Company	Aggregate of capital and reserves £	Profit or (loss) for the year £	Class of shares held/Votes	Ownership 2018	Ownership 2017
Car Benefit Solutions Limited	875,136	64,046	Ordinary	100%	100%
Car Benefit Energy Finance Limited	1	-	Ordinary	100%	100%
Car Benefit Finance Limited	2,589,865	113,830	Ordinary	100%	100%
Car Benefit Loans Limited	70,791	705,958	Ordinary	100%	100%
Car Benefit Car Schemes Limited	12,181,147	7,538,466	Ordinary	100%	100%
Car Benefit Schemes LLP	440	149,440	Votes	64%	64%

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

12. TANGIBLE ASSETS

Group	Computer equipment	Office fixtures & fittings	Contract hire vehicles	Total
	£	£	£	£
Cost				
At 1 January 2018	325,061	26,141	21,147	372,349
Additions	110,264	15,212	-	125,476
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	435,325	41,353	21,147	497,825
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January 2018	246,219	5,324	9,621	261,164
Depreciation charge for the year	65,855	6,879	2,923	75,657
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	312,074	12,203	12,544	336,821
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2018	123,251	29,150	8,603	161,004
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	78,842	20,817	11,526	111,185
	<hr/>	<hr/>	<hr/>	<hr/>

There are no fixed assets held by Car Benefit Holdings Limited.

13. STOCK

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Vehicles awaiting sale	118,388	47,687	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

There is no significant difference between the net realisable value and the balance sheet carrying amount.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

14. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Credit agreements	355,888,840	282,168,498	-	-
Trade debtors	13,285,443	9,708,210	-	-
Amounts owed by group undertakings	-	-	37,795,368	28,538,281
Other debtors	104,899	106,726	-	-
Deferred tax asset	179,413	-	-	-
Other taxation and social security	-	-	558	367
Prepayments and accrued income	8,728,945	12,607,995	616	555
	<u>378,187,540</u>	<u>304,591,429</u>	<u>37,796,542</u>	<u>28,539,203</u>
Amounts falling due after more than one year:				
Credit agreements	34,796,330	35,438,011	-	-
	<u>412,983,870</u>	<u>340,029,440</u>	<u>37,796,542</u>	<u>28,539,203</u>

Credit agreement debtors are stated net of impairment provisions of £64,240 (2017: £72,173). Included in Credit agreements are Credit agreements with directors of £200,296 (2017: £213,660). These are charged at commercial rates, and are repayable over a period of 24 months.

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Cash at bank and in hand	<u>3,853,086</u>	<u>5,604,364</u>	<u>486,638</u>	<u>2,208,095</u>

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Assigned Credit agreements	300,995,614	233,373,477	-	-
Trade creditors	19,201,907	11,343,711	-	401
Amounts owed to group undertakings	-	-	635,109	591,224
Amounts owed to related parties	150	150	-	-
Other taxation and social security	9,964,920	5,799,915	-	-
Corporation tax	1,256,826	544,554	29,782	18,987
Accruals and deferred income	2,727,857	24,244,108	29,501	24,400
	<u>334,147,274</u>	<u>275,305,915</u>	<u>694,392</u>	<u>635,012</u>

All assigned Credit agreements are due between one and five years. Interest is charged on assigned Credit agreements at market rates at the date of assignment of the Credit agreement. The assigned Credit agreements represent the assignment to a third party of loans due to the group.

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

17. CREDITORS - AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Assigned credit agreements	29,027,897	25,275,902	-	-
	<u>29,027,897</u>	<u>25,275,902</u>	<u>-</u>	<u>-</u>

All assigned Credit agreements are due between one and five years. Interest is charged on assigned Credit agreements at market rates at the date of assignment of the Credit agreement. The assigned Credit agreements represent the assignment to a third party of loans due to the group.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

18. DEFERRED TAX LIABILITY

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred taxation				
Deferred taxation has been fully provided in respect of:				
Provisions	(199,515)	-	-	-
Capital allowances in excess of depreciation	20,102	9,707	-	-
	<u>(179,413)</u>	<u>9,707</u>	<u>-</u>	<u>-</u>
 Movement in the year				
At 1 January	9,707	4,102	-	-
Deferred tax debited/(credited) to profit and loss	(189,120)	5,605	-	-
	<u>(179,413)</u>	<u>9,707</u>	<u>-</u>	<u>-</u>

19. CALLED UP SHARE CAPITAL

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Authorised				
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid				
31,685 ordinary shares of £1 each	<u>31,685</u>	<u>31,685</u>	<u>31,685</u>	<u>31,685</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

20. SUBORDINATED LOANS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Directors' loans	<u>10,730,844</u>	<u>8,098,355</u>	<u>10,730,844</u>	<u>8,098,355</u>

During 2018 the directors made loans to Car Benefit Holdings Limited. Interest is variable as decided by the board of directors from time to time and may not be payable. The loan term is not specified and will be determined by Car Benefit Holdings Limited. During the year £NIL (2017: £NIL) was paid as equity interest to directors in respect of subordinated loans.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

21. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£	£
Less than one year	147,208	133,256
Between one and five years	49,069	188,780
	<u>196,277</u>	<u>322,036</u>

During the year £168,328 was recognised as an expense in the profit and loss account in respect of operating leases, in respect of office rent and telephone charges. (2017 : £131,900).

22. CONTROLLING PARTY

The shareholders of Car Benefit Holdings Limited are as follows:-

Company	No of shares	Shareholding %
Dennis Studholme	9,030	28.50%
Martin Maguire	9,030	28.50%
Gerry O'Neill	9,030	28.50%
Neil Davies	3,010	9.50%
Paul Taylor	1,585	5.00%
TOTAL	31,685	100.00%

23. RELATED PARTY TRANSACTIONS

Included in Credit agreements, and detailed in note 14, are credit sale agreements with directors of Car Benefit Holdings Limited. All transactions are conducted on an arms length basis.

A director of Car Benefit Holdings Limited, Dennis Studholme, is also a director of Circle Leasing Limited, The Barracks (Bury) Limited and Equipserv (UK) Limited.

During the year Car Benefit Finance Limited transacted at arm's length with Equipserv (UK) Limited for £20,646 (2017: £24,598) relating to a Credit agreement.

At 31 December 2017, Circle Leasing Limited transferred the business premises leased by Car Benefit Car Schemes Limited, to The Barracks (Bury) Limited.

Car Benefit Car Schemes Limited transacted at arm's length with The Barracks (Bury) Limited for £168,328 (2017: £131,900) relating to the lease of The Barracks. Further to this, Car Benefit Car Schemes Limited transacted at arm's length with The Barracks (Bury) Limited for £20,981 (2017: £NIL) for office refurbishment, and with Circle Leasing Limited for £3,270 (2017: £NIL) for office refurbishment and £1,729 (2017: £22,692) for vehicle rental.

At 31 December 2018 £NIL (2017: £13,921) was outstanding in creditors as amounts due to Circle Leasing Limited, and £5,889 (2017: £NIL) was outstanding in creditors as amounts due to The Barracks (Bury) Limited.

CAR BENEFIT HOLDINGS LIMITED

Annual report and consolidated financial statements for the year ended 31 December 2018

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

24. CONTINGENCIES

The group has given a guarantee in respect of the facilities provided by third party funders to subsidiary companies in respect of the Credit agreement funding.

25. SUBSEQUENT EVENTS

There have been no subsequent events following the balance sheet date.