

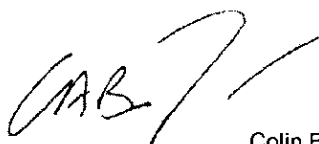
**BIFURCATE FUNDING LIMITED**

Registered number: 07515574

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

		31-Mar-21 £	31-Mar-20 £
<b>Fixed assets</b>			
Receivables purchased: amounts recoverable after more than one year	7	<u>244,653,672</u>	165,679,377
<b>Current assets</b>			
Receivables purchased: amounts recoverable within one year	7	133,543,497	123,711,416
Debtors and prepayments	8	21,132	23,958
Cash at bank		<u>6,799,713</u>	<u>4,858,939</u>
		<u>140,364,342</u>	<u>128,594,313</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	138,467,498	127,900,813
<b>Total assets less current liabilities</b>		<u>246,550,516</u>	<u>166,372,877</u>
Creditor: amounts falling due after more than one year	10	(246,456,503)	(166,288,584)
<b>Net assets</b>		<u>94,013</u>	<u>84,293</u>
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account		<u>94,011</u>	<u>84,291</u>
		<u>94,013</u>	<u>84,293</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 16 July 2021.



Colin Benford

**Apex Corporate Services (UK) Limited**  
Director

The notes on pages 14 to 21 form an integral part of these financial statements.



# BIFURCATE FUNDING LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Retained earnings £	Total equity £
Balance as at 1 April 2019	2	74,571	74,573
<b>Comprehensive income for the year</b>			
Profit for the year	-	9,720	9,720
<b>Total comprehensive income for the year</b>	-	9,720	9,720
Balance as at 31 March 2020	2	84,291	84,293
	Share capital £	Retained earnings £	Total equity £
Balance as at 1 April 2020	2	84,291	84,293
<b>Comprehensive income for the year</b>			
Profit for the year	-	9,720	9,720
<b>Total comprehensive income for the year</b>	-	9,720	9,720
<b>Balance as at 31 March 2021</b>	2	94,011	94,013

The notes on pages 14 to 21 form an integral part of these financial statements.

# BIFURCATE FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 1 Accounting policies

#### 1.1 Basis of preparation of financial statements

Bifurcate Funding Limited is a private company limited by shares incorporated in England and Wales, United Kingdom under the Companies Act. The address of the registered office is given on the Company information page. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 and IFRS 9: Financial Instruments, issued by the Financial Reporting Council, adopted for classification and measurement of financial instruments.

The functional currency of Bifurcate Funding Limited is considered to be pounds sterling ("£") because that is the currency of primary economic environment in which the Company operates.

Bifurcate Funding Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Bifurcate Funding Limited is consolidated in the financial statements of Zenith Automotive Holdings Limited. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement and remuneration of key management personnel and other related party transactions within the Group structure, as well as those relating to financial instruments.

#### 1.2 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. No significant change is expected in the nature of the business, in that it will hold receivables, financed by loans. However, the Group is undertaking a reorganisation of its securitisation facilities, which will impact the Company in that any new receivables will be issued in a non-bifurcated structure rather than a bifurcated structure (i.e. rental receivables and also receivables linked to residual values of vehicles, rather than solely rental receivables). In the event that the reorganisation of the securitisation by the Group does not occur, the Directors are confident that the Company has adequate resources to continue for a period of at least 12 months from the date of this report, due to the surplus of future rental income over and above the Company's liabilities (and flowing from receivables with robust creditworthiness), and arising from the discounting of the receivables, the credit enhancement incorporated into the loans (versus the receivable) and the reserve funds held by the Company.

Moreover, all payments of interest and principal on the loans are linked to receipts of interest and principal from the receivables such that it is unlikely that the payments could exceed the amounts received. In addition, there is a rigorous credit review process prior to purchasing any receivables. These receivables have a high credit worthiness and there have been no write offs of significance in the period, despite the economic conditions created by the Covid-19 pandemic and the lockdowns.

More details can be found in the Strategic Report of the consolidated accounts of the Group.

Due to the nature of the Group's business model, which is predominately long-term leases of between three to five years to large corporate customers, the degree of visibility over expected earnings and profitability is high. As a result, the Group is well positioned to navigate this intense period of disruption caused by the COVID-19 pandemic. The financial modelling which was performed shows that the Group continued to trade cash positive as a result of its business model, long-term income streams and additional procedures the Group has put in place. These include close monitoring of customer credit risk, daily monitoring of residual values and a review of our supply chain for increased risk of failure. The Group continued to keep its scenario model refreshed, as well as monitoring the results closely which show that its experience of payment holidays, vehicle sale volumes and profits continue to perform within its expected range. More details can be found in the Strategic Report of the group consolidated accounts, Zenith Automotive Holdings Limited (see note 14).

The Directors continue to closely monitor Brexit and COVID-19 developments and have not identified any material adjustments to balances included in these financial statements. The Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore, continue to adopt the going concern basis in preparing the financial statements.

Further disclosures on going concern are detailed in the Directors' report.

# BIFURCATE FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2021

### 1 ACCOUNTING POLICIES (continued)

#### 1.3 Other income

Other income is the contribution made by Zenith Vehicle Contracts Ltd to cover the Company's administrative expenses.

#### 1.4 Administration expenses

All other expenses of the Company are accounted for on the accruals basis.

#### 1.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than financial asset and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### **Financial assets**

##### *Classification of financial asset*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

##### **Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts, excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of debt instruments on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in the profit or loss.

# BIFURCATE FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2021

### 1 ACCOUNTING POLICIES (continued)

#### 1.5 Financial instruments (continued)

##### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of the financial liability.

##### **Derecognition**

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### 1.6 Reserve fund

Bifurcate Funding Limited is required to retain a reserve fund equal to 1% of the amount drawn down from Regency Funding Limited (see note 9). Portfolio loan receivables equal in value to the reserve fund have been purchased by Bifurcate Funding Limited from Zenith Vehicle Contracts Limited, Provecta Car Plan Limited and Leasedrive Limited, however neither Zenith Vehicle Contracts Limited, Provecta Car Plan Limited nor Leasedrive Limited is able to draw down on the reserve fund.

#### 1.7 Taxation

*Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

# **BIFURCATE FUNDING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2021**

### **1 ACCOUNTING POLICIES (continued)**

#### **1.7 Taxation (continued)**

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Company has elected to be taxed under the "permanent" tax regime for securitisation companies (contained in Statutory Instrument 2006/3296), under which the Company is taxed broadly by reference to its net cash flows during the year, and not by reference to its accounting profits, to the extent that these differ.

#### **1.8 Cash at bank**

Cash at bank comprises of bank account balances held by the Company.

#### **1.9 Interest receivable and interest expense**

For instruments measured at amortised cost, the effective interest rate method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. In calculating the effective interest rate, the Company uses cash flows considering all contractual terms of the financial instrument and anticipated customer behaviour but does not consider future credit losses. The calculation includes all fees received and paid and costs borne that are an integral part of the effective interest rate and all other premiums or discounts above or below market rates. As the agreements have fixed cash flows of interest and capital, there is no estimation uncertainty.

#### **1.10 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above, 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. The estimates and associated 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements**

The primary accounting judgements is the assessment of impairment of the loan assets. As part of the periodic impairment review, management will assess as to whether there have been any significant increases in credit risk since origination of the debt. This will drive the nature and amount of the impairment charge to be applied. Based on management's review of the statement of financial position for the Company, and given the fact that loans held by the Company, are secured against rental payments and the underlying collateral, no loss is expected. Further, management note that there were no accounts that went into arrears during the reporting period.

# BIFURCATE FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2021

### 1 ACCOUNTING POLICIES (continued)

#### 1.10 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Source of estimation uncertainty

The Directors have not identified any significant sources of estimation uncertainty in addition to the critical judgement identified above.

### 2 Interest receivable/(payable)

	Year ended 31-Mar-21 £	Year ended 31-Mar-20 £
Interest income on the loan	4,094,362	5,584,478
	<u>4,094,362</u>	<u>5,584,478</u>
Interest payable on the loan	<u>(4,094,362)</u>	<u>(5,584,478)</u>

### 3 Other operating income

	Year ended 31-Mar-21 £	Year ended 31-Mar-20 £
Other operating income	247,725	92,452
Bank interest received*	7,582	26,162
	<u>255,307</u>	<u>118,614</u>

\*Bank interest has been classified under 'Other operating income' for the current year for a better presentation in the financial statements.

### 4 Profit before tax

	Year ended 31-Mar-21 £	Year ended 31-Mar-20 £
Fee payable to the Company's auditor for the audit of the Company's annual financial statements	8,380	11,900
Administration expenses	234,183	94,438
Bank charges	744	276
	<u>243,307</u>	<u>106,614</u>

### 5 Taxation

	Year ended 31-Mar-21 £	Year ended 31-Mar-20 £
UK corporation tax		
Current tax on profits for the year	2,280	2,280
Total current tax	<u>2,280</u>	<u>2,280</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 19% (2020: 19%) as set out below:

	Year ended 31-Mar-21 £	Year ended 31-Mar-20 £
Profit on ordinary activities before tax	<u>12,000</u>	<u>12,000</u>

# BIFURCATE FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2021

### 5 Taxation (continued)

Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19% (2020 - 19%)

2,280 2,280

Effects of:

Total tax charge on profit on ordinary activities

2,280 2,280

Factors that may affect future tax charges

The standard rate of tax applied to reported profit is 19% (2020: 19%).

### 6 Staff costs

The Company has no employees other than the Directors, who did not receive any remuneration (2020: £nil).

### 7 Receivables purchased

	31-Mar-21 £	31-Mar-20 £
Receivables purchased	378,197,169	289,390,793

Reported as follows:

	31-Mar-21 £	31-Mar-20 £
Receivables purchased - recoverable within one year	133,543,497	123,711,416
Receivables purchased - recoverable after more than one year	244,653,672	165,679,377
	378,197,169	289,390,793

There were no expected credit losses on the receivables.

### 8 Debtors

	31-Mar-21 £	31-Mar-20 £
Prepayments	12,388	15,214
Other debtors	8,744	8,744
	21,132	23,958

Management believe the debtors are fully recoverable at the reporting date and therefore, do not consider any expected credit losses

### 9 Creditors: Amounts falling due within one year

	31-Mar-21 £	31-Mar-20 £
Loan payable - falling due within one year	133,543,497	123,711,416
Corporation tax	4,560	2,280
Other creditors	260,880	211,300
Accruals	215,916	368,552
Reserve fund	4,442,645	3,607,265
	138,467,498	127,900,813

### 10 Creditors: Amounts falling due after more than one year

	31-Mar-21 £	31-Mar-20 £
Loan payable - falling due after one year (see note below)	246,456,503	166,288,584



# BIFURCATE FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2021

### 10 Creditors: Amounts falling due after more than one year (continued)

The Company entered into a revolving loan facility with Regency Assets Ltd in a maximum aggregate amount at any time outstanding of £400,000,000. As at 31 March 2021, the Company had drawn down on £380,000,000 of the facility (2020: £290,000,000). Interest on the loan facility is charged at LIBOR or CP rate plus a margin. The CP rate is the amount reasonably determined by the lender as its funding cost. The facility expires on 25 September 2021 (this was extended by agreement from 06 February 2020 in September 2018).

#### Maturity analysis of the loan payable

	31-Mar-21	31-Mar-20
	£	£
In less than one year	133,543,497	123,711,416
In more than one year but not more than two years	112,466,788	75,569,036
In more than two years but not more than five years	133,989,715	90,719,548
	<b>380,000,000</b>	<b>290,000,000</b>

### 11 Financial instruments

The Company's financial instruments comprise of the receivables purchased, loan payable, cash and other liquid resources, and various items, such as debtors and creditors that arise directly from its operations.

Financial assets	31-Mar-21	31-Mar-20
	£	£
Financial assets that are debt instruments measured at amortised cost	378,197,169	289,390,793

Financial liabilities	31-Mar-21	31-Mar-20
	£	£
Financial liabilities measured at amortised cost	380,000,000	290,000,000

#### Liquidity risk

Liquidity risk is the risk that the Company will default on its obligations to its creditors.

The Company does not believe it is subject to any material liquidity risk as payments of interest and principal are linked to receipts of interest and principal from the receivables such that the payments cannot exceed the amounts received.

The maturity analysis of the loan payable is shown in note 10 to the financial statements.

#### Currency exposure

The Company has no exposure to currency exchange rate movements.

#### Credit risk

Credit risk is the risk that the Company's creditors will not be able to meet their obligations when they fall due.

The Seller reviews all receivables funded through the loan facility against a rigorous risk profiling assessment with, in general, no individual customer being above 5% of the outstanding balance. There is also a reserve fund equal to 1% of the drawn down facility. At year end, no single customer represented more than 5% of the outstanding balance.

The key risks are further disclosed in the Strategic Report.

### 12 Share capital

	31-Mar-21	31-Mar-20
	£	£
Allotted, called up and fully paid		
2 - Ordinary shares of £1 each	2	2

## **BIFURCATE FUNDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2021**

#### **13 Capital commitments**

There were no outstanding capital commitments as at 31 March 2021 (2020: none).

#### **14 Immediate and ultimate parent undertaking**

The immediate and ultimate parent company is Apex Trust Nominees No.1 Limited, a company incorporated in England and Wales with a registered address 6th Floor, 125 Wood Street, London, EC2V 7AN, United Kingdom.

The smallest and largest Group to consolidate these financial statements is Apex Trust Nominees No.1 Limited. The accounts of Link Administration Holdings Limited are available from the registered office at 6th Floor, 125 Wood Street, London, EC2V 7AN, United Kingdom.

By virtue of control, the Company also consolidates into Zenith Automotive Holdings Limited, a company registered in England and Wales. Copies of the financial statements of Zenith Automotive Holdings Limited can be obtained from, Number One Great Exhibition Way, Kirkstall Forge, Leeds, LS5 3BF, United Kingdom.

#### **15 Related party transactions**

Apex Trust Corporate Limited acts as Director, and corporate service provider for the Company.

During the year, the total fees incurred for these services were £54,605 (2020: £47,314). All transactions with the Apex Group were at arm's length.

The Company also incurred professional fee with regards to the Zenith Group, amounting to £129,945 during the year.

#### **16 Subsequent events**

No significant change is expected in the nature of the business, in that it will hold receivables, financed by loans. However, the Group is undertaking a reorganisation of its securitisation facilities, which will impact the Company in that any new receivables will be issued in a non-bifurcated structure rather than a bifurcated structure (i.e. rental receivables and also receivables linked to residual values of vehicles, rather than solely rental receivables).

The Directors continue to closely monitor Brexit and COVID-19 developments and have not identified any material adjustments to balances included in these financial statements, nor any material impacts on the business, subsequent to the reporting date. There have been no other significant events affecting the Company since the year end.