

**ACF CAR FINANCE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

FRIDAY



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28/09/2018  
COMPANIES HOUSE

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**ACF CAR FINANCE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D J Challinor G E Hutton
<b>Company secretary</b>	Martineau Secretaries
<b>Registered number</b>	04757280
<b>Registered office</b>	International House Kingsfield Court Chester Business Park Chester CH4 9RF
<b>Independent auditor</b>	BDO LLP 3 Hardman Street Manchester M3 3AT

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**ACF CAR FINANCE LIMITED**

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## ACF CAR FINANCE LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their report and the financial statements for the year ended 31 December 2017.

#### Results and dividends

The statement of comprehensive income is set out on page 6 and shows the loss for the year.

No dividend was paid in the year (2016 - £nil).

#### Principal activity, trading review and future developments

The company ceased trading on 28 July 2014 and there are no expected future developments.

The company has made a loss for the year before taxation of £1.6 million compared to a loss before taxation for 2016 of £1.8 million.

The small variance is explained by:

- conduct remediation costs for the year being a £0.7 million credit (2016 - £nil) due to the review and subsequent release of exceptional conduct remediation provision relating to redress to consumers associated with inappropriate judgement in the execution of the company's past business practices; offset by
- the overall interest costs in the year increasing to £2.3 million (2016 - £1.9 million) primarily due to the unwinding of a discount on the carrying value of amounts due to group undertakings (see note 8);

#### Directors

The directors who served during the year were:

D J Challinor  
N J Ogden (resigned 16 January 2017)  
G E Hutton

#### Events after the reporting period

For details of events after the reporting period, see note 15 to the financial statements.

#### Audit information

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all of the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

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## ACF CAR FINANCE LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1 to the financial statements, the directors do not believe that the going-concern basis is appropriate for the preparation of the financial statements of the company and accordingly the financial statements have not been prepared on a going-concern basis.

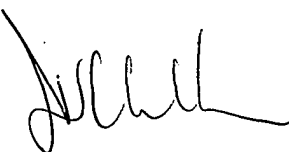
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies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

#### Auditors

BDO have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

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



28/09/18

D J Challinor  
Director

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## ACF CAR FINANCE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACF CAR FINANCE LIMITED

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#### Opinion

We have audited the financial statements of ACF Car Finance Limited for the year ended 31 December 2017, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 1 to the financial statements which explains that the directors do not consider the company to be a going concern. Accordingly the financial statements have been prepared on a basis other than that of going concern as described in Note 1. Our opinion is not modified in this respect of this matter.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

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## ACF CAR FINANCE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACF CAR FINANCE LIMITED (CONTINUED)

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misstatement in 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 in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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## ACF CAR FINANCE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACF CAR FINANCE LIMITED (CONTINUED)

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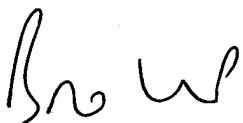
#### Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

#### Use of the report

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.



Julien Rye (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

**BDO LLP**

3 Hardman Street

Manchester

M3 3AT

28 September 2018



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**ACF CAR FINANCE LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Note	2017 £	2016 £
Administrative expenses – excluding exceptional item		47	(28,115)
Exceptional item – conduct remediation credit		742,003	1,477
Exceptional item – property lease and closure credit		5,000	133,050
Administrative expenses		747,050	106,412
Other operating income		-	147
<b>Operating profit</b>	3	<b>747,050</b>	106,559
Interest payable and similar charges	5	(2,303,430)	(1,932,126)
<b>Loss on ordinary activities before taxation</b>		<b>(1,556,380)</b>	(1,825,567)
Taxation on loss on ordinary activities	6	(82,892)	-
<b>Loss and total comprehensive income for the year</b>		<b><u>(1,639,272)</u></b>	<b><u>(1,825,567)</u></b>

The notes on pages 9 to 17 form part of these financial statements

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**ACF CAR FINANCE LIMITED**  
**REGISTERED NUMBER: 04757280**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Current assets</b>			
Trade and other receivables	7	1,643,426	1,712,316
Cash and cash equivalents		1,592	95,810
		<u>1,645,018</u>	<u>1,808,126</u>
<b>Current liabilities</b>			
Trade and other payables	8	(16,236,109)	(2,640,228)
<b>Total assets less current liabilities</b>		<u>(14,591,091)</u>	<u>(832,102)</u>
<b>Non-current liabilities</b>			
Trade and other payables	8	-	(11,191,529)
Provisions	9	(31,597)	(959,785)
<b>Net liabilities</b>		<u>(14,622,688)</u>	<u>(12,983,416)</u>
<b>Capital and reserves</b>			
Called-up share capital	11	1	1
Capital contributed	12	-	4,103,560
Retained earnings	12	(14,622,689)	(17,086,977)
<b>Shareholders' funds</b>		<u>(14,622,688)</u>	<u>(12,983,416)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D. Challinor  
**Director**

28/02/18

The notes on pages 9 to 17 form part of these financial statements.

**ACF CAR FINANCE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE TWO YEARS ENDED 31 DECEMBER 2017**

	<b>Called-up share capital</b>	<b>Capital contributed</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2016</b>	<b>1</b>	<b>4,103,560</b>	<b>(15,261,410)</b>	<b>(11,157,849)</b>
Loss for the year	-	-	(1,825,567)	(1,825,567)
<b>At 1 January 2017</b>	<b>1</b>	<b>4,103,560</b>	<b>(17,086,977)</b>	<b>(12,983,416)</b>
Transfer between reserves	-	(1,865,255)	1,865,255	-
Loss for the year	-	-	(1,639,272)	(1,639,272)
Unwinding of discount on carrying value of amounts due to group undertakings	-	(2,238,305)	2,238,305	-
<b>At 31 December 2017</b>	<b><u>1</u></b>	<b><u>-</u></b>	<b><u>(14,622,689)</u></b>	<b><u>(14,622,688)</u></b>

The notes on pages 9 to 17 form part of these financial statements.

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## ACF CAR FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

ACF Car Finance Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are disclosed in the directors' report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company accounting policies.

The following principal accounting policies have been applied:

##### 1.2 Basis of preparation

The company ceased trading on 28 July 2014 and accordingly the financial statements have not been prepared on a going-concern basis. No adjustments were necessary to the amounts at which the remaining assets and liabilities are included in the financial statements.

##### 1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

##### 1.4 Conduct remediation provision

Conduct remediation provisions comprise the estimated cost of making redress payments to consumers associated with inappropriate judgement in the execution of the company's prior business activities for which the principal amount is charged to cost of sales and any 8% per annum statutory simple interest thereon is charged to interest payable. This relates to proactive PPI redress, customer-initiated PPI complaints, and the handling of some prior, closed PPI complaints.

##### 1.5 Amounts due to group undertakings

Amounts due to group undertakings which are not due on demand and which do not carry a market rate of interest are carried at the present value of future cash flows, discounted at a market rate of interest that would apply to similar debt instruments. The initial difference on discounting is credited to the capital contributed reserve. Interest is charged on the debt instrument at the market rate of interest and as the discount unwinds, the amount standing to the credit of the capital contributed reserve is transferred to retained earnings. The face value of the debt instrument is accordingly always equal to the carrying value plus the balance of the capital contributed reserve.

Amounts due to group undertakings which are due on demand are carried at face value.

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ACF CAR FINANCE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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1. Accounting policies (continued)

1.6 Financial instruments

Financial assets and liabilities that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

2. Profit on termination of discontinued operations

Following a sustained loss-making period the decision was taken to cease trading on 28 July 2014. Of the original costs recognised of £1,564,153 an amount of £21,597 had not been utilised at 31 December 2017.

3. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Exceptional conduct remediation (credit)/costs (see notes 4 and 9)	(742,003)	(1,477)
Exceptional property lease and closure credits (see notes 4 and 9)	(5,000)	(133,050)
Auditors' remuneration - audit services	<u>1,550</u>	<u>1,500</u>

The directors are executives of fellow group company, The Funding Corporation Limited, and are also directors of ACF Car Finance Limited. The directors received total remuneration of £279,780 (2016 - £315,431) from The Funding Corporation Limited during the year, but it is not practicable to allocate this between their services as executives of The Funding Corporation Limited and their services as directors to ACF Car Finance Limited and other subsidiaries of The Funding Corporation Limited.

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## ACF CAR FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 4. Exceptional items

##### Conduct remediation costs

An exceptional conduct remediation credit of £742,003 (2016 - charge of £1,477) was recognised in the year within administrative expenses, in respect of future redress payments to consumers associated with inappropriate judgement in the execution of the company's past business practices relating to i) existing cases identified and provided for in 2013 which amount to a credit of £746,775 (2016 - £nil) and ii) new cases identified in the year which amounted to a charge of £4,772 (2016 - credit of £1,477). The conduct remediation costs were made to more accurately reflect the level of redress the group has experienced in recent months and expects to experience going forwards.

##### Property lease and closure costs

Property lease and closure costs of £5,000 were credited (2016 - credit of £133,050) in the year, within administrative expenses, in respect of (i) onerous property leases, writing off fixed assets and prepayments, and other committed contractual costs associated with closing used-car dealerships before the decision was taken to cease trading on 28 July 2014; and (ii) repair obligations on property leases for used-car dealerships closed both before and after the decision was taken to cease trading. The credit in the year arose from the company negotiating favourable early settlement terms, which were not envisaged at 31 December 2014, for committed onerous lease costs which also resulted in repair obligations which had accrued falling away.

#### 5. Interest payable and similar charges

	2017 £	2016 £
Interest payable to group undertakings	2,283,679	1,911,759
Other interest	19,751	20,367
	<u>2,303,430</u>	<u>1,932,126</u>

Other interest is in respect of conduct remediation costs (see note 9).

Interest payable to group undertakings comprises £45,373 (2016 - £46,504) on loans due to group undertakings (note 8) and £2,238,306 (2016 - £1,865,255) on amounts due to group undertakings (note 8) at the notional market interest rate thereon.

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**ACF CAR FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**6. Taxation on profit on ordinary activities**

	2017 £	2016 £
Tax charge for the year	<u><b>82,892</b></u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax amount assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
<b>Current Tax</b>		
Loss on ordinary activities before tax	<u><b>(1,556,380)</b></u>	<u>(1,825,567)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	<b>(299,603)</b>	(365,113)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>439,608</b>	382,351
Unrecognised deferred tax	<b>(57,113)</b>	-
Impact of change in tax rates	-	(17,238)
<b>Total tax charge for the year</b>	<u><b>82,892</b></u>	<u>-</u>

**Factors that may affect future tax charges**

The tax charge for future years may be impacted by tax losses of £nil (2016 - £296,691) carried forward to offset against future taxable profits, of which £nil (2016 - £nil) is recognised as a deferred tax asset.

The Chancellor has announced a reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. This change became substantively enacted on 16 March 2016 and therefore the effect of the rate reductions has been reflected in the calculation of the deferred tax asset as it was substantively enacted prior to the balance sheet date.

**7. Trade and other receivables**

	2017 £	2016 £
<b>Current</b>		
Group relief	<b>1,643,426</b>	1,643,426
Other debtors	-	68,890
	<u><b>1,643,426</b></u>	<u>1,712,316</u>

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**ACF CAR FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**8. Trade and other payables**

	2017 £	2016 £
<b>Current</b>		
Loans due to group undertakings	2,008,845	1,963,472
Trade creditors	326	326
Amounts due to group undertakings	14,141,475	668,841
Corporation tax	82,892	-
Other taxation and social security	-	474
Other creditors	1	1
Accruals	2,570	7,114
	<u>16,236,109</u>	<u>2,640,228</u>

Amounts due to group undertakings which are shown as current include an amount of £13,429,834 (2016 - £nil) which was subordinated behind all other creditors until 31 December 2017 which has now expired. The amounts due to group undertakings are repayable on demand and free of interest. For details of loans due to group undertakings, see note 12.

	2017 £	2016 £
<b>Non-current</b>		
Amounts due to group undertakings	<u>-</u>	<u>11,191,529</u>

Amounts due to group undertakings which are shown as non-current includes an amount with a face value of £nil (2016 - £13,429,834) which was subordinated behind all other creditors of the company until 31 December 2017 and which is interest free.



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**ACF CAR FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**9. Provisions**

	Termination of discontinued operations £	Property lease and closure costs £	Conduct remediation £	Total £
At 1 January 2017	40,673	199,050	720,062	959,785
Transfer of provisions	-	(34,550)	34,550	-
Charged to profit or loss	-	-	24,523	24,523
Released unused	(17,796)	(5,000)	(746,775)	(769,571)
Utilised in year	(1,280)	(159,500)	(22,360)	(183,140)
<b>At 31 December 2017</b>	<b><u>21,597</u></b>	<b><u>-</u></b>	<b><u>10,000</u></b>	<b><u>31,597</u></b>

**Transfer of provisions**

Within the 1 January 2017 brought forward provisions, £34,550 was incorrectly included within property lease and closure costs instead of conduct remediation. The £34,550 has been transferred between conduct remediation and property lease and closure costs to correct the brought forward position. This has had no impact on the total provisions.

**Termination of discontinued operations**

As fully disclosed in note 2, the decision was taken to cease trading on 28 July 2014 and of the provision brought forward of £40,673 an amount of £17,796 has been released unused in the year and £1,280 has been utilised in the year.

**Property lease and closure costs**

The provision brought forward of £199,050 has been reduced by £34,550 as described in the Transfer of provisions section above. An amount of £5,000 (note 4) has been released unused in the year and an amount of £159,500 has been utilised in the year.

**Conduct remediation**

The provision brought forward of £720,062 has been increased by £34,550 as described in the Transfer of provisions section above. Conduct remediation charges are in respect of future redress payments to customers associated with inappropriate judgements in the execution of the company's past business practices. Of the amount charged to the statement of comprehensive income of £24,523 an amount of £4,772 (note 4) has been charged to administrative expenses and an amount of £19,751 (note 5) has been charged to interest payable in respect of statutory 8% per annum simple interest accruing on the provision. An explanation for the amount of £746,775 which was released unused in the year is fully disclosed in note 4 and an amount of £22,360 has been utilised in the year.

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**ACF CAR FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**10. Financial instruments**

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u><b>1,643,426</b></u>	<u>1,712,316</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(16,153,217)</b>	(2,632,640)
Financial liabilities measured at fair value	<u><b>-</b></u>	<u>(11,191,529)</u>

Financial assets measured at amortised cost comprise of group relief and other debtors.

Financial liabilities measured at amortised cost comprise of loans due to group undertakings, amounts due to group undertakings due on demand, trade creditors and other creditors.

Financial liabilities measured at fair value include amounts due to group undertakings which are not due on demand.

**11. Share capital**

	<b>Allotted, called-up and fully paid 2017 £</b>	Allotted, called-up and fully paid 2016 £
<b>Allotted, called-up and fully paid</b>		
1 ordinary share of £1	<u><b>1</b></u>	<u>1</u>

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**ACF CAR FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**12. Reserves**

Transfer between reserves

Within the statement of changes in equity, the unwinding of the discount on the carrying value of amounts due to group undertakings for 2016 of £1,865,255, was incorrectly omitted from the 2016 financial statements between capital contributed and retained earnings. The £1,865,255 has been included in the statement of financial position (see page 7) and the statement of changes in equity (see page 8) for 2017 as a transfer between reserves; this has had no impact on the total equity.

**13. Related party transactions**

As the company is a wholly owned subsidiary of The Funding Corporation Limited, the company has taken advantage of the exemption contained in FRS 102 paragraph 33.1A and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Funding Corporation Limited, within which the company is included, can be obtained from Companies House.

Transactions with The Funding Corporation Group Limited

During the year, the company entered into the following transactions with The Funding Corporation Group Limited, which is the parent company of the company's immediate parent company:

	2017 £	2016 £
<b>Loans</b>		
At 1 January	1,963,472	1,916,968
Capitalised interest	45,373	46,504
<b>At 31 December</b>	<u><b>2,008,845</b></u>	<u><b>1,963,472</b></u>

Interest is charged on the loan at Bank of England base rate plus 2% p.a. The loan is unsecured and repayable on demand. In July 2018, the company repaid in full the loan due to The Funding Corporation Group Limited and all of the capitalised interest that had accrued up until that date (note 15).

	2017 £	2016 £
<b>Interest charged</b>		
Interest capitalised	<u><b>45,373</b></u>	<u><b>46,504</b></u>

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## ACF CAR FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 14. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the accounting policies set out in note 1, the company makes significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows;

##### **Amounts due to group undertakings**

Amounts due to group undertakings which are not due on demand and which do not carry a market rate of interest are carried at the present value of future cash flows discounted at market rate of interest that would apply to similar debt instruments which the directors have estimated at 20% per annum. The carrying value and the face value of such debt instruments are shown in note 8.

#### 15. Events after the reporting period

In July 2018, the company repaid in full the loan due to The Funding Corporation Group Limited and all of the capitalised interest that had accrued up until that date.

#### 16. Control

The Funding Corporation Limited is the parent of the smallest group of which the company is a member and for which consolidated financial statements are prepared.

I.M. Group Limited is the ultimate parent company of The Funding Corporation Limited and is the parent of the largest group of which the company is a member and for which consolidated statements are prepared. The ultimate controlling party is Lord Edmiston.

Copies of the consolidated financial statements of The Funding Corporation Limited and I.M. Group Limited are available from Companies House.