

Zeus Finco Limited
Annual report and financial statements
For the 436 days ended 31 March 2018

Registered number: 10574680

Zeus Finco Limited

Contents

	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report to the members of Zeus Finco Limited	7
Profit and loss account	13
Statement of comprehensive income	13
Balance sheet	14
Statement of changes in equity	15
Notes to the financial statements	16

Zeus Finco Limited

Officers and professional advisers

Directors	T P Buchan R A Butler M T Phillips
Company Secretary	P J Rawnsley
Registered Office	Number One Great Exhibition Way Kirkstall Forge Leeds England LS5 3BF
Bankers	National Westminster Bank plc Bradford
Auditor	Deloitte LLP Statutory Auditor Leeds United Kingdom

Zeus Finco Limited

Strategic report

The Company was incorporated on 20 January 2017 as a private limited company. The directors present their strategic report on the Company for the first accounting period of 436 days ended 31 March 2018.

Principal activity and business review

On 31 March 2017 this company acquired the entire share capital of Zeus Midco Limited.

On 20th January 2017 100% of the company's own issued share capital was acquired by Zenith Automotive Holdings Limited. On 31 March 2017 a further 2,482,494 ordinary shares were allotted to Zenith Automotive Holdings Limited.

The principal activity of the Company is that of a holding company. This is expected to continue in the foreseeable future.

The Company is consolidated into the results of the group headed by its parent company, Zenith Automotive Holdings Limited.

Principal risks and uncertainties

The principal activity of the Company is that of a holding company, the principal risks specific to the company and how they are managed and mitigated are outlined below.

The carrying value of the investments in subsidiary undertakings is dependent on their performance. The risks and uncertainties in respect of the performance of its subsidiaries can be found in the Directors' Report of those subsidiaries financial statements.

Risks arising from interest rate exposure are discussed as part of the next section on treasury management.

Treasury management

With respect to treasury management we look to remove as much risk as possible from the business with respect to interest rate exposure. All of our group contracts with customers are fixed interest rate contracts and all of the matching asset finance used to fund these contracts is taken on a fixed interest basis or swapped into fixed interest at the point of funding.

Key performance indicators

The key performance indicators (KPIs) of the business are in line with the wider group and, as a holding company, are not considered specifically for this Company. The KPIs for the group can be found in the Strategic Report of the group consolidated accounts, Zenith Automotive Holdings Limited.

Going Concern

The company makes use of bank facilities agreed on a Zenith Automotive Holdings Limited group wide basis. On 31 March 2017 the group secured new bank loan facilities and settled its existing bank loan facilities. Following the refinancing, the Company has access to considerable financial resources to manage its operations. The company is in a net liability position. The directors note that the group is cash generative and have reviewed the forecasts which cover a period exceeding 12 months from the date of signature of the financial statements. The Group will provide support for the Company. On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Zeus Finco Limited

Strategic report (continued)

Future developments

The directors are confident that with the many opportunities being opened up by being part of a larger group and the investments that the group is making in people and systems, the Company is very well positioned to continue to deliver growth in profitability and shareholder value. Zeus Finco Limited holds the loan notes which are an important part of the capital structure for the successful delivery of these objectives.

Approved by the Board and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'M. T. Phillips', is written over a light blue horizontal line.

M T Phillips
Director
27 July 2018

Zeus Finco Limited

Directors' report

The Company was incorporated on 20 January 2017.

The directors present their report on the affairs of the Company, together with the audited financial statements, for the 436 day period from incorporation to 31 March 2018.

Directors Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Results and dividends

The Company made a loss before tax of £7,302,000.

No dividends were declared or paid on equity shares during the year.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are discussed in the strategic report.

Going concern

The directors set out in the Strategic Report the reasoning for the adoption of the going concern basis in preparing the annual report and financial statements for the company.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Post balance sheet events

There are no post balance sheet events to report.

Directors

The directors, who served throughout the period and to the date of this report were as follows:

M T Phillips (appointed 31 March 2017)

T P Buchan (appointed 31 March 2017)

R Butler (appointed 31 March 2017)

W S Paul (appointed on 20 January 2017, resigned on 31 March 2017)

E J S Watford (appointed on 20 January 2017, resigned on 31 March 2017)

P J Rawnsley (Company Secretary, appointed 17 July 2017)

Future developments

The future developments of the Company are discussed in the strategic report.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements issued in the following year. Objections may be served on the Company by shareholders holding in aggregate 5 per cent or more of the total allocated shares in the Company. They should be served no later than 31 March 2019.

Zeus Finco Limited

Directors' report (continued)

Auditor

During the period Deloitte LLP were appointed auditors of the Company.

Each of the persons who is a director at the date of approval of this report confirms 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 the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



M T Phillips
Director
27 July 2018

Zeus Finco Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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 judgments 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.

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

Independent auditor's report to the members of Zeus Finco Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the 436 days then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 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.

We have audited the financial statements of Zeus Finco Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

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).

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 auditor's 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 UK, including the FRC'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.

Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current period were:</p> <ul style="list-style-type: none">• Recoverability of amounts due from group undertakings; and• Going concern.
Materiality	<p>The materiality that we used in the current period was £146,000 which was determined on the basis of 3% of net liabilities.</p>
Scoping	<p>Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.</p>

Independent auditor's report to the members of Zeus Finco Limited (continued)

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of amounts due from group undertakings

Key audit matter description Amounts due from group undertakings are stated on the balance sheet at £504,567,000, and are all due within twelve months due to being repayable on demand.

There is a significant level of judgement involved in determining the recoverability of these amounts due from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance of the group undertakings.

Further details are included within the strategic report on pages 2 and 3, the critical accounting estimates and judgements note in note 2 and note 10 to the financial statements.

How the scope of our audit responded to the key audit matter We challenged the directors' judgements regarding the appropriateness of the carrying value through obtaining a copy of the latest audited financial information, our understanding of the future trading performance of the group and by assessing the ability of the group undertakings to repay these amounts. We also reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts.

Key observations Based on the work performed we concluded that amounts due from group undertakings are appropriately recorded and presented in the financial statements.

Independent auditor's report to the members of Zeus Finco Limited (continued)

Going concern

Key audit matter description The Company has debt of £215,123,000 as at 31 March 2018, with financing comprising Fixed Rate Unsecured PIK notes on the official list of the International Stock Exchange. The details of their respective repayment dates and interest rates can be found in Note 10.

The ability of the Company to repay the debt and pay the relevant interest charges is dependent on the trading performance and future prospects of the subsidiaries and whether those subsidiaries will have the ability to repay their loans to the Company. In addition, the Company is also dependent on support from its parent undertaking Zenith Automotive Holdings Limited. Any deterioration in performance of the subsidiaries or unwillingness of the parent undertaking to support the Company would in turn affect the going concern basis of accounting under which the financial statements have been prepared.

The directors have prepared cash flow projections for the subsidiaries which involve significant judgement over key assumptions such as future performance, revenue growth and discount rates.

Further details are included within the strategic report on pages 2 and 3, and note 1 to the financial statements.

How the scope of our audit responded to the key audit matter We reviewed management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the group undertakings, our understanding of the future performance of the business, industry forecasts and assessed the potential risk of management bias.

We performed sensitivity analysis in relation to the key assumptions used to consider the extent of changes that either individually or collectively would result in the subsidiaries being unable to pay the debt. We reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts. We tested the integrity of the cash flow projections and tested the accuracy and completeness of the underlying data and formulae used.

We also assessed the willingness and ability of Zenith Automotive Holdings Limited to continue to support the Company.

We evaluated the adequacy of disclosure made in the strategic report on pages 2 and 3 and note 1 to the financial statements in respect of the Company's ability to continue as a going concern.

Key observations Based on the work performed we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of the Company's ability to continue as a going concern made in the note 1 to the financial statements are appropriate.

Independent auditor's report to the members of Zeus Finco Limited (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Materiality</i>	£146,000
--------------------	----------

<i>Basis for determining materiality</i>	3% of Net Liabilities
--	-----------------------

<i>Rationale for the benchmark applied</i>	We determined materiality based on net liabilities as this is the key metric used by management, investors, analysts and lenders, with shareholder value being driven by net liabilities value movements.
--	---

We agreed with the directors that we would report to the directors all audit differences in excess of £7,345 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

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 other 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 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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Independent auditor's report to the members of Zeus Finco Limited (continued)

Auditor's 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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 strategic report and the directors' report for the 436 day period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Independent auditor's report to the members of Zeus Finco Limited (continued)

Use of our 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.



Peter Birch FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
27 July 2018

Zeus Finco

Profit and loss account

For the 436 days ended 31 March 2018

	Note	436 days ended 31 March 2018 £'000
Interest receivable and similar income	4	46,596
Interest payable and similar charges	5	(53,898)
		<hr/>
Loss before taxation	3	(7,302)
Tax on loss	6	-
		<hr/>
Loss for the financial year attributable to equity shareholders of the company		(7,302)
		<hr/> <hr/>

All results are derived from continuing operations.

The accompanying notes 1 to 12 are an integral part of the financial statements.

Statement of comprehensive income

For the 436 days ended 31 March 2018

	436 days ended 31 March 2018 £'000
Loss for the financial year	(7,302)
	<hr/>
Total comprehensive income attributable to equity holders of the Company	(7,302)
	<hr/> <hr/>

The accompanying notes 1 to 12 are an integral part of the financial statements.

Zeus Finco Limited

Balance sheet

As at 31 March 2018

	Note	2018 £'000
Fixed assets		
Investments	6	2,482
		<u>2,482</u>
Current assets		
Debtors	7	513,433
Creditors: Amounts falling due within one year	8	(305,612)
Net current assets		<u>207,821</u>
Creditors: Amounts falling due after more than one year		<u>(215,123)</u>
Total assets less current liabilities		<u>(4,820)</u>
Capital and reserves		
Called up share capital	9	2,482
Profit and loss account		(7,302)
Shareholders' deficit		<u>(4,820)</u>

The accompanying notes 1 to 12 are an integral part of the financial statements.

These financial statements of Zeus Finco Limited (registered number 10574680) were approved by the Board of Directors and authorised for issue on 27 July 2018.



M T Phillips
Director

Zeus Finco Limited

Statement of changes in equity

As at 31 March 2018

	Note	Called up Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 20 January 2017		-	-	-
Share capital issued in the period	9	2,482	-	2,482
Loss for the financial year and total comprehensive income		-	(7,302)	(7,302)
At 31 March 2018		<u>2,482</u>	<u>(7,302)</u>	<u>(4,820)</u>

The accompanying notes 1 to 12 are an integral part of the financial statements.

Zeus Finco Limited

Notes to the financial statements

For the 436 days ended 31 March 2018

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

a. General information and basis of accounting

Zeus Finco Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. 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, modified to include certain items at fair value, are in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and adopt IFRS 9 for classification and measurement of financial instruments and hedge accounting.

The functional currency of Zeus Finco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Zeus Finco 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. Zeus Finco Limited is consolidated in the financial statements of its parent, Zenith Automotive Holdings Limited, which may be obtained from the address in note 12. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The group headed by parent undertaking Zenith Automotive Holdings Limited, of which this Company is a subsidiary has elected to early adopt IFRS9. Under IFRS9 the group qualifies to apply Hedge Accounting to its financial instruments which are in place to hedge against interest rate risk on senior and securitised debt facilities. As a consequence, where they exist in a group company, derivatives are recognised on the balance sheet at fair value, with fair value gains or losses relating to future periods being held within the statement of comprehensive income, and therefore outside of the profit and loss statement. As at 31 March 2018 Zeus Finco Limited did not hold any derivatives.

The Company is included in the consolidated financial statements of Zenith Automotive Holdings Limited which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The company's current reporting period is 436 days to 31 March 2018. The Company is in a net liabilities position.

b. Going concern

The Directors have considered the adoption of the going concern basis in preparing the financial statements given the current economic climate and have formed the conclusion that there are no material uncertainties with respect to the Company's abilities to continue as a going concern for the foreseeable future. In forming this view, the Directors have considered the Company's budgets and trading forecast and committed bank facilities available to the Group together with forecast headroom against those borrowing facilities including the impact of reasonable downside sensitivities and all foreseeable uncertainties. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

c. 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 balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 balance sheet 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.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet 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.

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 Group 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.

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

d. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions 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 Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, 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.

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

d. Financial instruments (continued)

(ii) Investments

In the Company balance sheet, investments are measured at cost less impairment.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

e. Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, 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 in applying the Company's accounting policies

Impairment of investments

The Company's investments have been reviewed for impairment within the year. The directors continue to believe that the carrying value of these investments is supported by their underlying net assets or value in use.

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

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

3. LOSS BEFORE TAXATION

The directors' remuneration from all group companies is disclosed in the financial statements of a fellow group company Zenith Vehicle Contracts Limited. Whilst the directors received salaries from other group companies during the year they received no emoluments directly in respect of qualifying services to the Company.

The fee for auditing the financial statements of £9,000 has been borne by another group company. There were no non-audit fees in either year relevant to company only services. There are no employees other than the directors.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	436 days ended 31 March 2018 £'000
Interest income on intercompany loans	46,596
	<hr/>
	46,596
	<hr/>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	436 days ended 31 March 2018 £'000
Bank loans and other interest charges	20,894
Interest in intercompany loans	33,004
	<hr/>
	53,898
	<hr/>

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

6. TAX ON LOSS

The tax charge comprises:

	436 days ended 31 March 2018 £'000
Current tax on loss	
UK Corporation tax	-
Deferred tax	
Current period	-
Total tax charge	-
Tax per income statement	-
Other comprehensive income items:	
Deferred tax current period charge	-
	-

The standard rate of tax applied to reported loss is 19% (2017: 20%). The applicable tax rate changed to 19% from 1 April 2017. The reduction in the main rate of corporation tax from 19% to 17% was substantively enacted on 6 September 2016. This will have effect from 1 April 2020. Accordingly, deferred tax balances have been recognised at the reduced rate of 17% in these financial statements.

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

6. TAX ON LOSS (continued)

Factors Affecting Total Tax Charge for the Current Period

The charge for the year can be reconciled to the loss per the income statement as follows:

	436 days ended 31 March 2018 £'000
Loss for the period - continuing operations	(7,302)
Tax on profit at standard UK rate of 19%	(1,387)
Effects of:	
Expenses not deductible	3,970
Income not taxable	-
Effects of group relief	(2,582)
Tax charge for the period	-

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

7. INVESTMENTS

	2018 £'000
Cost and net book value	2,482

At 31 March 2018 the Company held, directly and indirectly, 100% of the allotted ordinary share capital of the following:

	Class of shares held	Principal activity	Percentage of shares held
Zeus Midco Limited	Ordinary	Holding company	100%
Zeus Bidco Limited	Ordinary	Holding company	100% *
Zenith OpCo Limited	Ordinary	Holding company	100% *
Leasedrive Limited	Ordinary	Vehicle leasing and related activities	100% *
Velo Limited	Ordinary	Vehicle leasing and related activities	100% *
Zenith Vehicle Contracts Limited	Ordinary	Vehicle leasing and related activities	100% *
Zenith EF Limited	Ordinary	Vehicle leasing and related activities	100% *
Provecta Car Plan Limited	Ordinary	Vehicle leasing and related activities	100% *
Zenith Remarketing Limited	Ordinary	Vehicle leasing and related activities	100% *
Contract Vehicles Limited	Ordinary	Vehicle leasing and related activities	100% *
ZenAuto Limited	Ordinary	Vehicle leasing and related activities	100% *

All the companies are incorporated in England and Wales and operate principally in their country of registration. The registered office of all the above subsidiaries is Number One, Great Exhibition Way, Kirkstall Forge, Leeds, England, LS5 3BF.

During the year the following holding companies, non trading companies and dormant companies were placed into voluntary liquidation. None of these were trading companies. This was part of a group structure simplification exercise completed during the year. The registered office of all the subsidiaries below is 1 City Square, Leeds, LS1 2AL

Zenith Group Holdings Limited	Ordinary	Holding company	100% *
Zenith Midco Limited	Ordinary	Holding company	100% *
Contract Vehicles Holdings Limited	Ordinary	Holding company	100% *
Contract Vehicles Group Limited	Ordinary	Holding company	100% *
Zenith Acquisitionco2 Limited	Ordinary	Holding company	100% *
Zenith Acquisitionco1 Limited	Ordinary	Holding company	100% *
Zenith Vehicle Contracts Group Limited	Ordinary	Holding company	100% *
Accelerate Acquisitions Limited	Ordinary	Holding company	100% *
Zenith Intermediate Holdings Limited	Ordinary	Holding company	100% *
ZVC Group Limited	Ordinary	Holding company	100% *
ZVC Holdings (UK) Limited	Ordinary	Holding company	100% *
Leasedrive Group Limited	Ordinary	Holding company	100% *
Leasedrive Holdings (UK) Limited	Ordinary	Holding company	100% *
Leasedrive Velo Holdings Limited	Ordinary	Holding company	100% *
HVS (UK) Limited	Ordinary	Non Trading company	100% *
Zenith Vehicle Sales Limited	Ordinary	Non Trading company	100% *
Tower Car Sales Limited	Ordinary	Dormant	100% *
The Motor Trustees Group Limited	Ordinary	Dormant	100% *
Crowthorne 2011 Holdings Limited	Ordinary	Dormant	100% *
Masterlease Portfolio Limited	Ordinary	Dormant	100% *
Leasedrive Rental Management Limited	Ordinary	Dormant	100% *

*The shares in the undertakings marked with an asterisk are held indirectly by subsidiary undertakings.

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

8. DEBTORS

	2018 £'000
Amounts owed by group undertakings	504,567
Prepayments and accrued income	8,866
	<u>513,433</u>

Amounts owed by Group undertakings are unsecured, repayable on demand and charged at a commercial rate of interest.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000
Amounts owed to Group undertakings	300,403
Accruals and deferred income	5,304
Other creditors	(95)
	<u>305,612</u>

Amounts owed to Group undertakings are unsecured, repayable on demand and charged at a commercial rate of interest.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000
Loan notes	<u>215,123</u>

The total amount presented in the balance sheet for loan notes are shown net of unamortised issue costs amounting to £8,866,000 which will be amortised to the profit and loss account over the remaining term of the loan. Within this amount £467,000 will amortise in the next 12 months.

The full repayment profile previously described is presented in the table below. The capital is repayable on 31 March 2037.

	2018 £'000
Borrowings repayable as follows:	
Between 1-2 years	-
Between 2-5 years	-
After 5 years	215,123
	<u>215,123</u>

Zeus Finco Limited

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

11. SHAREHOLDERS FUNDS

2018
£'000

**Authorised, allotted, called up and
fully paid**

2,482,495 ordinary shares of £1 each

2,482

1 ordinary share was issued on 20 January 2017 and 2,482,494 ordinary shares were issued on 31 March 2017, all shares were issued to Zenith Automotive Holdings Limited

The motive and purpose of each reserve within equity is as follows:

Reserve	Description and purpose
---------	-------------------------

Retained earnings	Cumulative net gains and losses from recognised earnings in the income statement
-------------------	--

12. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Contingent liabilities

The Group's banking facilities are subject to a standard cross guarantee with other group subsidiaries. At 31 March 2018 the amount secured under this guarantee was £21,190,603.

13. RELATED PARTY TRANSACTIONS

As a subsidiary company of ultimate parent undertaking Zenith Automotive Holdings Limited, the Company has taken advantage of the exemptions in Section 33 "*Related Party Transactions*" from disclosing transactions with other wholly owned companies.

14. ULTIMATE CONTROLLING PARTY

At 31 March 2018, the largest and smallest group in which the results of the company were consolidated is the ultimate parent company, Zenith Automotive Holdings Limited. The consolidated financial statements can be obtained from their registered office at Number One, Great Exhibition Way, Kirkstall Forge, Leeds, LS5 3BF.

According to the register of members maintained by Zenith Automotive Holdings Limited, a number of limited partnerships comprising the Bridgepoint Europe V Fund, which are managed by Bridgepoint Advisers Limited, and hold securities through a nominee company, held a significant interest in the ordinary shares of the company at the balance sheet date and continue to do so at the date of this report. The directors of Zenith Automotive Holdings Limited deem there not to be an ultimate controlling party as none of the investors in the Bridgepoint Europe V Fund has an effective ownership of more than 20% of the issued share capital of the company