

**Zeus Finco Limited**  
**Annual report and financial statements**  
**For the year ended 31 March 2022**

Registered number: 10574680

# Zeus Finco Limited

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# **Zeus Finco Limited**

## **Officers and professional advisers**

<b>Directors</b>	T P Buchan M T Phillips M P Holland
<b>Company Secretary</b>	M K Patel
<b>Registered Office</b>	Number One Great Exhibition Way Kirkstall Forge Leeds England LS5 3BF
<b>Bankers</b>	National Westminster Bank plc Bradford
<b>Auditor</b>	Deloitte LLP Statutory Auditor Leeds United Kingdom

# Zeus Finco Limited

## Strategic report

The directors present their strategic report on the private limited company for the year ended 31 March 2022.

### Principal activity and business review

The principal activity of the Company is to hold the listed debt which is an important part of the capital structure of the Group. The debt is listed on The International Stock Exchange and matures on 31 March 2037.

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 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 contracts with counterparties are on variable terms, but hedged to the extent practicable between receivables and payables.

### 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 has access to considerable financial resources to manage its operations. The Company is in a net liability position and the Group will provide support.

The Group has considerable financial resources, a broad customer base across different business sectors and diversified income streams. Therefore, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook, high and potentially persistent rates of inflation and challenging conditions in the automotive supply chain.

The directors of the Group 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 Group's ability to continue as a going concern for the foreseeable future. In forming this view, the directors have considered: the Group's financial position, the Group's budgets and trading forecasts (including stress-testing these forecasts based on the principal risks facing the Group); and the committed debt facilities available to the Group together with forecast headroom against those borrowing facilities (including against covenants), and including the impact of reasonable sensitivities and foreseen uncertainties. This includes the impact of the extended securitisation facilities (refinanced in August 2021 for a minimum of three years, to aggregate facilities of £725 million) and the senior secured notes and revolving credit facilities (arranged in January 2022, repayable in mid-2027, in the amount of £475 million and £65 million respectively).

Due to the nature of the Group's business model, which mainly relates to leases of between three to five years to large corporate customers, the degree of visibility over our future earnings is high. As a result, we believe our success during the Covid-19 pandemic is a direct result of our robust strategy to diversify our group. We further believe that Zenith is well positioned to navigate any further periods of disruption caused by the Covid-19 pandemic, the current macroeconomic environment and the challenges posed by current constraints in the automotive supply chain.

More details of our strategy and these risks are included in the Strategic Report of the consolidated accounts of the group.

The directors continue to closely monitor the potential impacts of any further disruption caused by Covid-19, macroeconomic factors and the current constraints in the automotive supply chain. We have not identified any material adjustments to balances included in these financial statements.

# **Zeus Finco Limited**

## **Strategic report (continued)**

### **Going Concern (continued)**

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.

### **Future developments**

Zeus Finco Limited holds the loan notes which are an important part of the capital structure for the Group. This is expected to continue in the foreseeable future. The future developments of the Group can be found in the Strategic Report of the group consolidated accounts, Zenith Automotive Holdings Limited.

Approved by the Board and signed on its behalf by:



M T Phillips  
Director  
26 August 2022

# Zeus Finco Limited

## Directors' report

The directors present their report on the affairs of the Company, together with the audited financial statements, for the year ended 31 March 2022.

### Directors indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the period and these remain in force at the date of this report. The indemnity provisions are also for the benefit of directors of fellow subsidiary undertakings of the group.

### Results and dividends

The Company made a loss before tax of £ 18,242,000 (31 March 2021: £15,257,000). The increased loss in the period is due to the expected compounding of interest on the loan notes as it only falls due on maturity in 2037. Should there be a listing or a sale of the business prior to this date, the loan notes and interest will be settled earlier.

No dividends were declared or paid on equity shares during the year or prior year. None are proposed post year end.

### 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 in note 1.

### 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  
T P Buchan  
R Butler (resigned 31 July 2021)  
M P Holland (appointed 1 August 2021)  
M K Patel (Company Secretary)

None of the directors received remuneration under long-term incentive schemes during the current or previous year. No directors exercised any share options and no shares were received in respect of a long-term incentive scheme during the current or previous year.

### Future developments

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

### Charitable and political contributions

During the year the Company made charitable donations of £nil (2021: £nil). There were no political contributions in the current year (2021: £nil).

# 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.

The Directors propose that Deloitte LLP are re-appointed as the Company's auditor, and, as in the previous year, for that appointment to be proposed at the annual general meeting.

Approved by the Board and signed on its behalf by:



M T Phillips  
Director  
26 August 2022

## **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

## 1. Opinion

In our opinion the financial statements of Zeus Finco Limited (the ‘company’):

- give a true and fair view of the state of the company’s affairs as at 31 March 2022 and of its loss for the year 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 which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 15.

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).

## 2. 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 Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed entities, 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.

## 3. Summary of our audit approach


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### Key audit matters

The key audit matters that we identified in the current year were:

- Recoverability of amounts due from group undertakings; and
- Going concern.

Within this report, key audit matters are identified as follows:

 Similar level of risk

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### Materiality

The materiality that we used in the current year was £1,923k which was determined on the basis of 0.5% of total assets.

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

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<b>Scoping</b>	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
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<b>Significant changes in our approach</b>	There have been no significant changes in our approach.
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## 4. Conclusions relating to going concern

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

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting is discussed in section 5.2.

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

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

## 5. 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.

### 5.1. Recoverability of amounts due from group undertakings

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<b>Key audit matter description</b>	<p>Amounts due from group undertakings are stated in the balance sheet at £636.5m (2021: £607.3m) and are all due within twelve months due to being repayable on demand.</p> <p>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. The recoverability of these amounts takes into consideration a range of factors such as the trading performance of the group undertakings and current macro-economic environment.</p> <p>Further details are included within the strategic report on pages 2 and 3. The balances are detailed within note 8 and the associated critical accounting estimates and judgements are detailed in note 2 to the financial statements.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>We performed a walkthrough to understand the end-to-end process that the company has in place to manage the risk of non-recoverability of the amounts due from group undertaking and obtained an understanding of the relevant controls.</p> <p>With reference to the specific judgement relating to the appropriateness of the carrying value of amounts due from group undertakings, we assessed management’s judgements by obtaining a copy of the latest financial information of the group undertakings, evaluating their future trading performance, and assessing the ability of the group undertakings to repay these amounts. We also assessed the historical accuracy of management’s forecasts by comparing the actual results to forecasts, as well as analysing results post year end against forecasts to assess the impact that the current macro-economic environment would</p>

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

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have on the recoverability of amounts due from group undertakings.

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### Key observations

Based on our audit procedures, the carrying value of the amounts due from group undertakings are reasonably stated.

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## 5.2. Going concern

### Key audit matter description

The company has debt of £344.4m as at 31 March 2022 (2021: £312.0m), with financing comprising Fixed Rate Unsecured PIK loan notes on the official list of the International Stock Exchange. The company also has debtors due from group undertakings totalling £636.5m (2021: £607.3m).

The ability of the company to repay the debt and pay the relevant interest charges is dependent on the ability of the fellow group undertakings to repay their loans to the company as and when due and payable. In addition, the company is also dependent on support from its parent undertaking, Zenith Automotive Holdings Limited (Z AHL). Any deterioration in performance of the subsidiaries, unwillingness of the parent undertaking to support the company and impact of current macro-economic environment would in turn affect the going concern basis of accounting under which the financial statements have been prepared.

Management has prepared cash flow projections for the Group and subsidiaries which involve significant judgement over key assumptions such as future performance, revenue growth and discount rates. Significant management judgement is involved in making the cash flow forecasts.

Management has concluded 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 details are included within the strategic report on pages 2 to 3. The balances are detailed within note 10 and the associated accounting policies are detailed in note 1 to the financial statements.

### How the scope of our audit responded to the key audit matter

We obtained an understanding of the relevant controls related to management’s going concern assessment.

We challenged management’s cash flow projections, taking into consideration the general market conditions affecting the group undertakings. We have used our understanding of the future strategy of the business, industry forecasts and assessed the potential risk of management bias.

We challenged management’s judgements regarding the appropriateness of adopting the going concern basis of accounting through the analysis of the trading performance of the group undertakings post year end and assessing whether management had appropriately considered the impact of current macro-economic pressures in their forecasts for future periods.

We also considered the historical accuracy of management’s forecasts by comparing the actual results to forecasts.

We tested the clerical accuracy of management’s forecasts for future periods.

We also assessed the willingness and ability of the parent company, Z AHL, to continue to support the company

We evaluated the appropriateness of the disclosure made in the financial statements in respect of the company’s ability to continue as a going concern.

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

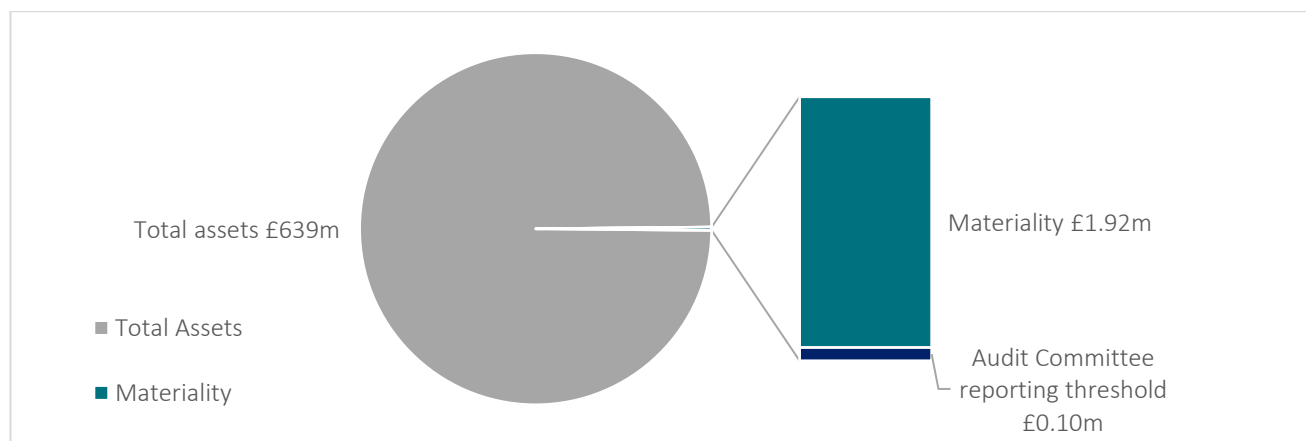
<b>Key observations</b>	Based on the work performed we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of the company’s ability to continue as a going concern are appropriate.
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## 6. Our application of materiality 6.1. 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:

<b>Materiality</b>	£1,923k (2021: £1,764k)
<b>Basis for determining materiality</b>	0.5% of total assets The materiality that we used in the current year was £1,923k (2021: £1,764k) which was determined on the basis of 0.5% (2021: 0.5%) of total assets which is capped at 65% (2021: 50%) of group materiality.
<b>Rationale for the benchmark applied</b>	The company acts as a financing company for Z AHL group. We consider that total assets to be an appropriate benchmark on the balance sheet as this is considered to be a key metric used by management, investors, analysts and lenders, with shareholder value being driven by total assets value movements.



## 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered the following factors:

- a. Our risk assessment, including our assessment of the overall control environment;
- b. Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in the prior period.; and
- c. The absence of significant changes in the business in the year.

# **Independent auditor’s report to the members of Zeus Finco Limited (continued)**

## **6.3. Error reporting threshold**

We agreed with those charged with governance that we would report to them all audit differences in excess of £96k (2021: £88k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## **7. An overview of the scope of our audit**

### **7.1. Scoping**

Our audit was scoped by obtaining an understanding of the company and its environment, including internal controls, 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.

### **7.2. Our consideration of the control environment**

We obtained an understanding of the relevant controls over the valuation of intercompany receivables and management’s going concern assessment and the financial reporting processes.

## **8. Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

## **9. 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.

## **10. 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.

## **Independent auditor’s report to the members of Zeus Finco Limited (continued)**

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

### **11. Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

#### **11.1. Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company’s remuneration policies, key drivers for directors’ remuneration, bonus levels and performance targets;
- results of our enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company’s documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006 and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company’s ability to operate or to avoid a material penalty.

#### **11.2. Audit response to risks identified**

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, those charged with governance, in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

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

- reading minutes of meetings of those charged with governance and reviewing regulatory correspondence;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

### **Report on other legal and regulatory requirements**

#### **12. 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 financial year 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.

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

##### **13.1. 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.

##### **13.2. 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)**

### **14. 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.



Matthew Bainbridge FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
26 August 2022



## Zeus Finco Limited

### Profit and loss account

For the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest receivable and similar income	4	32,999	32,999
Interest payable and similar expenses	5	(51,241)	(48,256)
<b>Loss before taxation</b>	3	(18,242)	(15,257)
Tax on loss	6	-	(58)
<b>Loss for the financial year attributable to equity shareholders of the Company</b>		(18,242)	(15,315)

All results are derived from continuing operations in the UK.

The accompanying notes 1 to 14 are an integral part of the financial statements.

### Statement of comprehensive income

For the year ended 31 March 2022

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Loss for the financial year	(18,242)	(15,315)
<b>Total comprehensive expense attributable to equity holders of the Company</b>	(18,242)	(15,315)

The accompanying notes 1 to 14 are an integral part of the financial statements.

# Zeus Finco Limited

## Balance sheet

As at 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Investments	7	2,482	2,482
		<u>2,482</u>	<u>2,482</u>
<b>Current assets</b>			
Debtors	8	636,499	607,325
<b>Creditors: Amounts falling due within one year</b>	9	(356,415)	(341,409)
<b>Net current assets</b>		<u>280,084</u>	<u>265,916</u>
<b>Total assets less current liabilities</b>		282,566	268,398
<b>Creditors: Amounts falling due after more than one year</b>	10	(344,380)	(311,970)
<b>Net liabilities</b>		<u>(61,814)</u>	<u>(43,572)</u>
<b>Capital and reserves</b>			
Called up share capital	11	2,482	2,482
Profit and loss account		(64,296)	(46,054)
<b>Shareholders' deficit</b>		<u>(61,814)</u>	<u>(43,572)</u>

The accompanying notes 1 to 14 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 26 August 2022.



M T Phillips  
Director

## Zeus Finco Limited

### Statement of changes in equity

For the year ended 31 March 2022

	Note	Called up Share Capital £'000	Profit and Loss Account £'000	Total £'000
<b>At 31 March 2020</b>		2,482	(30,739)	(28,257)
Loss for the financial year and total comprehensive expense		-	(15,315)	(15,315)
<b>At 31 March 2021</b>		2,482	(46,054)	(43,572)
Loss for the financial year and total comprehensive expense		-	(18,242)	(18,242)
<b>At 31 March 2022</b>		2,482	(64,296)	(61,814)

The accompanying notes 1 to 14 are an integral part of the financial statements.

# Zeus Finco Limited

## Notes to the financial statements

For the year ended 31 March 2022

### 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 private company, limited by shares and registered in England and Wales 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 in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and IFRS 9 has been adopted for classification and measurement of financial instruments.

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 14. 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 Company has also taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

#### *b. Going concern*

The Company has access to considerable financial resources to manage its operations. The Company is in a net liability position and the Group will provide support.

The Group has considerable financial resources, a broad customer base across different business sectors and diversified income streams. Therefore, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook, high and potentially persistent rates of inflation and challenging conditions in the automotive supply chain.

The directors of the Group 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 Group's ability to continue as a going concern for the foreseeable future. In forming this view, the directors have considered: the Group's financial position, the Group's budgets and trading forecasts (including stress-testing these forecasts based on the principal risks facing the Group); and the committed debt facilities available to the Group together with forecast headroom against those borrowing facilities (including against covenants), and including the impact of reasonable sensitivities and foreseen uncertainties. This includes the impact of the extended securitisation facilities (refinanced in August 2021 for a minimum of three years, to aggregate facilities of £725 million) and the senior secured notes and revolving credit facilities (arranged in January 2022, repayable in mid-2027, in the amount of £475 million and £65 million respectively).

Due to the nature of the Group's business model, which mainly relates to leases of between three to five years to large corporate customers, the degree of visibility over our future earnings is high. As a result, we believe our success during the Covid-19 pandemic is a direct result of our robust strategy to diversify our group. We further believe that Zenith is well positioned to navigate any further periods of disruption caused by the Covid-19 pandemic, the current macroeconomic environment and the challenges posed by current constraints in the automotive supply chain.

# Zeus Finco Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 1. ACCOUNTING POLICIES (continued)

#### *b. Going concern (continued)*

More details of our strategy and these risks are included in the Strategic Report of the consolidated accounts of the group.

The directors continue to closely monitor the potential impacts of any further disruption caused by Covid-19, macroeconomic factors and the current constraints in the automotive supply chain. We have not identified any material adjustments to balances included in these financial statements.

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.

#### *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 Company'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 liabilities are recognised for timing differences arising from investments in subsidiaries, except where the Company 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.

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 Company 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 year ended 31 March 2022

### 1. ACCOUNTING POLICIES (continued)

#### *d. Financial instruments*

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument

Financial assets and financial 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 or 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of debt instrument 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 and is included in the "Interest receivable and other income" line item.

#### *Impairment of financial assets*

Intercompany receivables are repayable on demand. Expected credit losses are calculated based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower cannot pay today if demanded, the assessment of impairment will consider the expected manner of recovery and recovery period of the intercompany loan.

#### *Write off policy*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, a provision of 100% is made, or in the case of trade receivables, when the amounts are over 90 days a provision is made for 30% of the balance, unless it is already 100% provided for. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

# Zeus Finco Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 1. ACCOUNTING POLICIES (continued)

#### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### *Financial liabilities and equity*

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity.

##### *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 rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of the financial liability.

##### *e. Dividend and interest 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).

##### *f. Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. Such impairment reviews are conducted annually.

# Zeus Finco Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 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*

The directors consider there to be no critical judgements noted in applying the Company's accounting policies.

#### *Key sources of estimation uncertainty*

##### *Impairment of investments*

The Company's investments have been reviewed for impairment within the year. The main estimation uncertainty is the assessment of the Group's performance and prospects, particularly the three year cash flow forecasts prepared by the Group each year. The directors continue to believe that the carrying value of these investments is supported by their underlying net assets or value in use.

### 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 £12,460 (2021: £10,540) 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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest income on intercompany loans	32,999	32,999
	<u>32,999</u>	<u>32,999</u>

### 5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Bank loans and other interest charges	29,814	30,217
Interest on intercompany loans	21,427	18,039
	<u>51,241</u>	<u>48,256</u>



# Zeus Finco Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 6. TAX ON LOSS

The tax charge comprises:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Current tax on loss</b>		
UK Corporation tax	-	58
<b>Deferred tax</b>		
Current period	-	-
	<hr/>	<hr/>
<b>Total tax charge</b>	<u>-</u>	<u>58</u>

The average standard rate of tax applied to reported loss is 19% (2021: 19%).

Corporation tax is calculated at 19.0% (2021: 19.0%) of the estimated assessable profit for the year. The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023 and this was substantively enacted in May 2021. As a result deferred tax balances as at 31 March 2022 have been measured at 25%.

#### 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:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Loss before taxation	(18,242)	(15,257)
Tax on profit at standard UK rate of 19% (2021: 19%)	(3,466)	(2,899)
Effects of:		
Expenses not deductible	5,665	5,157
Adjustment from previous periods	-	58
Effects of group relief	(2,199)	(2,258)
	<hr/>	<hr/>
<b>Tax charge for the period</b>	<u>-</u>	<u>58</u>

### 7. INVESTMENTS

	2022 £'000	2021 £'000
<b>Cost and net book value</b>	<u>2,482</u>	<u>2,482</u>

## Zeus Finco Limited

### Notes to the financial statements (continued)

For the year ended 31 March 2022

#### 7. INVESTMENTS (continued)

At 31 March 2022 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	Contracting 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%*
Contract Vehicles Fleet Services Limited	Ordinary	Vehicle leasing and related activities	100%*
Contract Vehicles Rentals Limited	Ordinary	Vehicle leasing and related activities	100%*
Contract Vehicles Properties Limited	Ordinary	Property holding company	100%*
Zenith Finco Plc	Ordinary	Holding company	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.

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

#### 8. DEBTORS

	2022 £'000	2021 £'000
Amounts owed by group undertakings	636,499	607,325
	<u>636,499</u>	<u>607,325</u>

All the Company's trade debtors have been reviewed for impairment and where necessary a provision for impairment provided. The value of the impairment charged to the income statement is £nil (2021: £nil)

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

# Zeus Finco Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Amounts owed to group undertakings	347,751	333,533
Accruals and deferred income	8,664	7,876
	<u>356,415</u>	<u>341,409</u>

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

The Company had no amounts payable (2021: £nil) in respect of employer's tax and social security.

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

	2022 £'000	2021 £'000
Loan notes*	<u>344,380</u>	<u>311,970</u>

The total amount presented in the balance sheet for loan notes includes £128,310,549 (2021: £96,366,834) of compounded interest and is shown net of unamortised issue costs amounting to £7,000,290 (2021: £7,466,922), which will be amortised to the profit and loss account over the remaining term of the loan. Within this amount, £466,632 will amortise in the next 12 months.

\* Listed on The International Stock Exchange. The loan notes are repayable in 2037.

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

	2022 £'000	2021 £'000
<b>Borrowings repayable as follows:</b>		
Between 1-2 years	(467)	(467)
Between 2-5 years	(1,400)	(1,400)
After 5 years	346,249	313,837
	<u>344,382</u>	<u>311,970</u>

### 11. SHAREHOLDERS FUNDS

	2022 £'000	2021 £'000
<b>Authorised, allotted, called up and fully paid</b>		
2,482,495 ordinary shares of £1 each	<u>2,482</u>	<u>2,482</u>

The purpose of each reserve within equity is as follows:

Reserve	Description and purpose
Profit and loss account	Cumulative net gains and losses from recognised earnings in the income statement

## **Zeus Finco Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 March 2022

#### **12. 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.

#### **13. ULTIMATE CONTROLLING PARTY**

At 31 March 2022, the largest and smallest group in which the results of the Company were consolidated is the ultimate parent company, Zenith Automotive Holdings Limited, incorporated in England and Wales. 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 (the “Ultimate Parent Company”), 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, BEV Nominees Limited, held a significant interest in the ordinary shares of the Ultimate Parent 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 Ultimate Parent Company.

#### **14. POST BALANCE SHEET EVENTS**

There are no post balance sheet events to report.