Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Annual report and financial statements

For the 436 days ended 31 March 2018

Registered number: 10574333

Zenith Automotive Holdings Limited
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Strategic Report

The Company was incorporated on 20 January 2017 as a private limited company. The directors present their Strategic Report on the Group, also referred to as "Zenith", for the first accounting period of 436 days ended 31 March 2018.

On the 31 March 2017 Zeus Bidco Limited, a subsidiary of Zenith Automotive Holdings Limited, acquired the Zenith, Leasedrive, Provecta and Velo trading companies from HG Capital, these companies specialise in providing vehicle leasing to large corporate customers in the UK. On the same day it also acquired Contract Vehicles Limited, a specialist provider of heavy goods vehicle leasing and associated fleet management services. To complete the current group structure during the year ZenAuto Limited was incorporated. This company will contract all the trading activity for the newly formed personal leasing business. This creates a group with leasing capabilities across corporate and consumer sectors and from small city cars to heavy goods vehicles ranging from one day to eight years and beyond in terms of duration. Originally established in 1989 as a specialist provider of bespoke fleet solutions for mid to large corporates, our customer base includes many household brands and some of the biggest organisations in the UK. Further detail on the ownership of the Company is included in the next section.

We deliver innovative and intelligent vehicle solutions to a variety of different customers whether that's funding company cars, light or heavy commercial vehicles, providing flexible benefit schemes, funding cars for private individuals or delivering fully outsourced fleet management services. We have a strong focus on high quality service delivery and innovation.

In order to meet our reporting requirements on gender diversity as set out in the Guidelines for Disclosure and Transparency in Private Equity we have chosen to report gender diversity in the quartiles set out in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 rather than the categories of director, senior manager and employee set out in the Guidelines for Disclosure and Transparency in Private Equity. We have done this because we believe this improves comparability across organisations. We have also chosen not to disclose certain non-financial KPIs which we believe are commercially sensitive. In all other aspects the Directors consider the annual report and financial statements to comply with the Guidelines for Disclosure and Transparency in Private Equity.

Ownership

On 31 March 2017 the Company acquired the entire share capital of Zeus Finco Limited and its subsidiary undertakings. This company structure is set out below and details provided in note 13. Each company in the structure is 100% owned. In the consolidated Group accounts Bifurcate Funding Limited and Vehicle Title Co Limited are also consolidated into the Group. These two companies form part of the legal structure under the securitisation facilities used to provide vehicle funding to the Group, but are not owned by the Group.

Zenith Automotive Holdings Limited is owned 25% by management and 75% by BEV Nominees Limited a Bridgepoint company. BEV Nominees Limited is owned by a number of limited partnerships comprising the Bridgepoint Europe V Fund.

Bridgepoint is an international fund management group focusing on private equity. Their aim is to deliver attractive returns to investors by investing responsibly in companies and building stronger, broader-based businesses with greatly enhanced long-term growth potential. As a long-established, experienced and responsible private equity investor they help companies and management teams by investing in expansion, operational transformation or via consolidating acquisitions. Bridgepoint funds invest in well-managed companies, typically taking controlling or large minority stakes. They are attracted by opportunities in sectors and niches with strong underlying growth and global competitive advantage or in cash generative businesses with high visibility of earnings.

Zenith Automotive Holdings Limited
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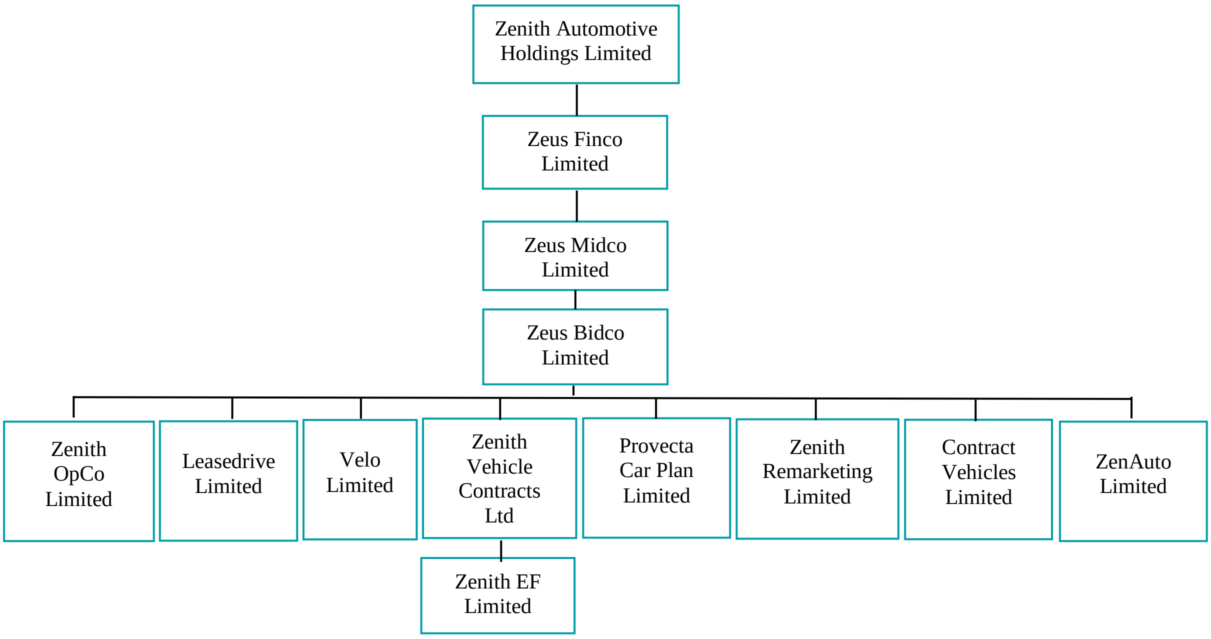
Strategic Report

The Group's first accounting period ran for the 436 day period from incorporation to 31 March 2018.



During the reporting period an exercise to reduce the existing group structure from 34 to 12 subsidiaries was completed. This was primarily to remove intermediate holding companies from previous private equity transactions. All trading companies and active holding companies formed at the last transaction remain within the Group.

The key rationale for this exercise was to simplify the group structure. The previous structure was overly cumbersome from an administration, statutory accounts and tax return perspectives. All companies were put into members' voluntary liquidation following extensive work completed with our external legal team and advisors. There were no implications for suppliers or customers.

Business Activity

Headquartered in Leeds, Zenith is the largest independent (not bank or manufacturer owned) vehicle leasing and fleet management company in the UK. Zenith operates a fleet of over 120,000 vehicles and focuses on:

- serving blue chip clients with fleets of usually over 100 vehicles across business fleets, perk fleets and salary sacrifice schemes principally on a fully outsourced and sole supply basis
- serving clients with business critical HGV and specialist vehicle fleets and
- serving customers through the ZenAuto brand providing Personal Contract Hire vehicles

Services include provision of vehicle funding, maintenance, fleet management, accident management, short-term hire, fleet consultancy, provision of fleet data with bespoke packages tailored to corporate customer requirements.

Strategic Report (continued)

Business Model

Zenith is a Mobility as a Service "MAAS" provider. The market continues to move towards our model of providing vehicle use as a subscription service. We have capabilities across all vehicle asset types, supporting everything from business critical fleets to consumer cars.

Key elements of our business model which will deliver success in this market are:

- Zenith has over 120,000 vehicles under management and is the leading scaled multi-asset funder and manager in the UK providing mobility provision increments from 1 day to 8+ years.
- Zenith have almost 30 years of experience and 700 employees. Vehicles and drivers are kept compliant and mobile 24 hours a day 7 days a week.
- Zenith's consumer brand ZenAuto, launched in the year, is a digital, direct to consumer, Personal Contract Hire solution and an exciting area of potential growth for the business.
- The Group's independent ownership enables it to be agnostic to vehicle makers, powertrains and funders.
- With 38 million vehicles in the UK Zenith has significant growth opportunities in its home markets.
- Through Zenith's Alliance Partner Network, leasing capability is available in 11 European countries.

Strategy

The success of our strategy is based on the delivery of the following:

1. ***To achieve organic growth in our core markets by***
    - Becoming the best-in-class corporate and consumer brand renowned for being the number 1 service provider of heavy commercial vehicles, vans and cars.
    - Growing the fleet through the organic acquisition of new customers and cross-sell of new products to the existing portfolio, with little or no customer attrition.
    - Evolving the European footprint to support existing and win new corporate customers.
2. ***To enter adjacent and new markets***
    - Create new revenue streams by entering the consumer car leasing market and expanding white label solutions with new partners.
3. ***To use technology to drive deeper automation and service improvement***
    - Continuously refine the target operating model adopting process automation and digital to improve operational processing, supply chain quality, right first time delivery and improved cost to income ratios.
    - Continuous focus on the evolution of funding facilities.
4. ***To employ the best people***
    - Have the best, most flexible, agile, diverse working environment attracting the highest quality talent, nurturing our people, reducing employee churn and offering equal opportunities.
    - Engage our people to let them innovate, improve and grow the Company.
5. ***Develop the Zenith "MAAS" eco system***
    - Design and develop Zenith's long-term mobility strategy.
    - Use technology to continuously refine our business proposition.
6. ***Acquisition of value accretive businesses***
    - Acquire companies that complement existing channels, create scale, create synergies or provide incremental income opportunities.

Strategic Report (continued)

Employees

We are committed to developing and retaining our staff, and Zenith was accredited as a Top 100 employer in the Sunday Times Best 100 Companies to Work For list 2017 in the mid-sized company category, an outstanding result. The Group has a very active employee engagement program, and we are immensely proud of this achievement. Being a business which has an obsessive focus on customer service we recognise the immense importance of developing and training our staff to the highest levels and providing them with a rewarding and challenging environment in which to work.

The Zenith Academy provides learning and development opportunities to all our people and underpins our commitment to working with our colleagues at every level to help them learn new skills and competencies that are relevant to their job and career aspirations. Zenith provide access to the Academy for all employees and have provided a broad range of training from finance, marketing, MBA, leadership and coaching courses.

Zenith is committed to developing future talent through apprenticeships. In January 2018 Zenith was named a Top 100 Apprenticeship Employer. Compiled annually by the National Apprenticeship Service, the list was announced at the National Apprenticeship Awards, which took place on 18 January 2018 at the Grosvenor House Hotel in London.

Environment & Corporate Social Responsibility ('CSR')

Zenith is committed to ensuring that its business practices have positive impacts on the community and the environment. Since our formation in 1989 we have been committed to maintaining high ethical and moral standards and to ensuring that we act in accordance with responsible social behaviour.

The three core objectives of our Environmental and CSR policy are:

1. To sustain the environment
2. To conduct our business in an ethical and responsible manner
3. To support the community, both local and industry sector

Environment

Operating in the vehicle leasing industry Zenith's primary environmental objective is to provide advice and technical information to encourage our customers to promote and incorporate the most environmentally friendly vehicles and practice within their core fleet policies. This is done by a process of continuous review and assessment, constantly updating latest thinking and technology to refine and improve our customer's CO2 vehicle footprint. This includes:

- Where clients have expressed an interest in their impact on the environment, each regular client review carried out with Zenith has contained a section on CO2 emissions, alternative fuels and clean fleet management.
- These review packs have been sent to customers, prospects and staff to help educate them on how the environment and company cars can work hand in hand in a positive way.
- Zenith has focussed on developing and training Account Managers in areas that cover the environmental issues faced by fleets and how Zenith can address them. Advice is given to fleets as well as ongoing support on developing a green fleet policy.
- Zenith has piloted a scheme with a major blue chip client that ensures that all of their future pool vehicles to be supplied must be Hybrid.
- A key responsibility of Zenith's PR department is to help educate the entire fleet industry about the environment and ways of making themselves greener.

Zenith as a company is proud to have achieved the CarbonNeutral® company certification by working with The CarbonNeutral® Company, a world-leading provider of carbon reduction solutions, to measure and reduce its CO2 emissions. Zenith has reduced its greenhouse gas (GHG) emissions in accordance with The CarbonNeutral® Protocol, the global standard for carbon neutral certification. The programme involved an independent assessment of the CO2 emissions produced followed by an offset-inclusive emissions reduction programme. This means that for every one tonne of GHG emissions that Zenith produces, it purchases a verified carbon off set which guarantees an equivalent amount of GHG emissions is reduced from the atmosphere through a renewable energy or clean technology project.

Strategic Report (continued)

During the year Zenith moved to new low carbon headquarters. The new 45,000 ft^2 offices will enhance the Company's environmental credentials. The building is designed to a BREEAM (Building Research Establishment Environmental Assessment Method) excellent rating and is working toward a low or zero carbon rating. Solar panels are installed on the roof and an innovative energy strategy used.

Ethics

Zenith believes strongly in the need for ethics in business and to have ethical practices and transparency in all its activities and those of its suppliers. These principles strongly reflect the values of the Company and are inherent to Zenith's commitment to ethical practices and the representation of the Company to its stakeholders and the society in which we operate.

Zenith believes we have a responsibility in the market with key issues such as:

- Treating our customers with respect and fairness and act true to our values.
- To treat our partners and suppliers fairly and to establish long-term relationships that deliver value and high service levels to our end customers.
- Not to enter into pricing comparisons with our competitors that may lead to any form of non-competitive activity.
- To promote within the market the need for awareness of our industry's environmental impact with regard to carbon emissions and to work closely with specialists to ensure that we are promoting carbon reduction strategies.
- To work closely with government and HMRC to ensure that consistency and clarity is provided to avoid confusion and additional administrative costs for our customers.
- To deliver our services through professional and trained personnel whose mandate is to exceed the clients expected level of service delivery. Our values are built around openness, integrity, service excellence, innovation and loyalty.

Community

As a business Zenith is aware of its wider impact on the environment. We aim to ensure that we support our local community and integrate our business values and operations to meet the expectations of our customers and the wider public. We understand that as a business we have impacts on the communities in which we operate and employees are encouraged to assist the local community. We have established a CSR focus group to develop and promote our CSR policy.

Zenith is working with Leeds Ahead to take part in voluntary community focused projects, to assist with the social and economic regeneration of Leeds. We also encourage employees in their charitable endeavours such as supporting staff when raising funds for individual fund raising events.

We are delighted by the effort our staff put into this, and are encouraged by the feedback we receive from them in terms of the benefits they derive personally from being involved in these programmes.

Human Rights

Zenith recognises the right of every individual to liberty, freedom of association and personal safety and observes internationally recognised standards set out in the UN Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions.

Strategic Report (continued)

Equality

The Company is committed to promoting equality of opportunity. This means it is the Group's policy that there should be no discrimination, harassment or victimisation of any employee, job applicant, customer, provider of services or member of the public because of one of the following protected characteristics: age, disability, gender reassignment, marital or civil partnership status, pregnancy and maternity, race, colour, nationality, racial or ethnic origin, religion or belief, sex or sexual orientation.

The Company has three main objectives:

- To encourage its employees to take an active role in combating all forms of unlawful discrimination, harassment and victimisation
- To deter employees from participating in any such unlawful behaviour and
- To demonstrate to all employees that they can rely upon the Company's support in cases of unlawful discrimination, harassment or victimisation at work.

Details of how we deliver these objectives is covered in more detail in our policy.

The Group is fully committed to providing so far as practicable a good and harmonious working environment that offers equal treatment and opportunities for all its employees and where every employee is treated with appropriate respect and dignity.

Gender Pay

The gender pay gap calculation is an equality measure to show the difference in the average earnings between women and men. It is not a comparison of pay between equivalent roles. Zenith are committed to providing equal pay for equal work. Our pay policies and practice are designed to address any unconscious bias, particularly at recruitment.

A gender pay gap typically arises due to the employee demographics in an organisation, for example where there is an unequal distribution of men and women across the organisation. This report sets out the reasons we have identified for our gender pay gap and the actions which we are taking to address them.

Zenith has a number of employing legal entities. Of these, one company has more than 250 employees: Zenith Vehicle Contracts Limited with 385 employees. Under the regulations we are required to report our gender pay gap for this entity, as set out below.

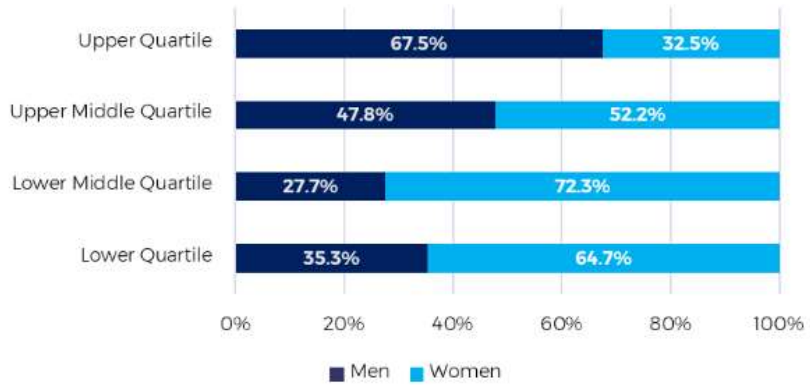
Gender pay gap

	Mean	**Median**
Gender pay gap	24.4%	18.0%
Bonus pay gap	32.2%	25.4%

	Male	**Female**
Proportion of employees receiving a bonus payment	65.3%	53.7%

Strategic Report (continued)

Proportion of men and women in each pay quartile



These headline figures show that we have a gender pay gap in terms of hourly pay and in bonus payments. Our industry is traditionally male dominated which creates imbalance in gender and pay. The gap is partly driven by demographic factors where there are more men in senior management positions than women. Roles which are eligible for commission create a further impact. We are confident our roles and opportunities for commission are available to men and women equally.

In response to this we have introduced a number of initiatives including:

- 50:50 target for recruitment of our apprenticeship and graduate programmes.
- Offering a wide range of flexible working arrangements to support a diverse workforce.
- Leadership and Mentoring Programmes focused on senior females.

Strategic Report (continued)

Business Review

The Group had no trading activity from 20 January 2017, the date of incorporation, to 31 March 2017. From the 31 March 2017 the Group includes the trading activity of the acquisitions made in the period which were discussed at the start of this Strategic Report. The Group's operating profit before amortisation of goodwill, intangibles and exceptional items is £59m for the period to 31 March 2018.

The Group balance sheet shows total assets of £1,512m including cash balances of £16m.

Despite the £59m operating profit before exceptional items and amortisation of goodwill and intangibles, the Group made a loss after tax for the period of £79m. However this was a result of deducting non-cash items of £48m for amortisation of goodwill and intangibles, and preference share and loan note interest of £49m. The Group is highly cash generative and is forecast to continue to be so for the foreseeable future.

We have a large and diversified pool of asset finance facilities available to us to finance our leasing operations which includes a significant element of committed facilities, and we have plenty of headroom with which to fund our ambitious growth plans. Our securitisation facilities provide us with extremely competitively priced capital with which to develop our business. The Group has enjoyed significant and solid support from its shareholders for its developing strategy during the financial period and the directors would like to thank them for this invaluable assistance.

The business has continued to enhance its reputation as a high quality service provider, which meets, in an innovative and imaginative way, the requirements of the market and its customers in particular. Throughout this time the Group has demonstrated excellent customer retention. The business has recently secured a number of significant contracts. The directors have considered the implications of Brexit and continue to be confident on the business' outlook based on a strong track record of resilience in trading evidenced through previous challenging economic conditions. We are increasingly able to differentiate our service proposition helping us secure high quality new business and the directors are confident that the Group can continue this growth trend going forward.

During the year to 31 March 2018 the Group has made significant progress on the strategy detailed in this Strategic Report. As well as securing a number of new business wins, we have entered the consumer car leasing market and the heavy goods vehicle market through the acquisition of Contract Vehicles Limited. We have put the foundations in place to extend our securitisation funding facilities to both of these markets. The move to our new headquarters at Kirkstall Forge in Leeds and the adoption of flexible and agile working practices is a significant step forward in our ability to attract the highest quality talent to our business and retain the best people.

The overall fleet management market is fundamentally resilient given its long term contracted nature. However, the economic uncertainty arising from the Brexit vote, as well as changes to the tax treatment of salary sacrifice schemes, have weakened the market growth during the 12 months to 31 March 2018.

Given the market environment, Zenith's growth has slowed in comparison to past performance. However, the pipeline of new business remains strong and, once the current market headwinds are resolved, management expect growth to improve. The fundamental growth drivers of the market remain highly positive, being

- i) increasing outsourcing of the management of corporate fleets and
- ii) increasing leasing, as opposed to buying, of vehicles by consumers, whether directly or via salary sacrifice schemes

In the year to 31 March 2017 the Zenith Group Holdings Limited consolidated accounts reported an operating profit before amortisation of goodwill, intangible assets and exceptional items of £54m. In the year to 31 March 2018 the Group operating profit before amortisation of goodwill, intangible assets and exceptional items was £59m.

Strategic Report (continued)

Net Debt and Covenants

On 31 March 2018, the Group was funded by the following facilities:

- External bank debt of £425m. This is repayable in one instalment on 31 March 2024.
- Loan Notes of £215m and Preference Shares of £272m. These are both held by the shareholders of Zenith Automotive Holdings Limited. Interest is calculated monthly and annually rolled and added onto the balance rather than being settled. These will be settled in the event of a sale of the Group or after a 20 period ending 31 March 2037.
- Cash and cash equivalents of £16m.

On the basis of the above the Group has net debt of £876m. Excluding balances owed to shareholders the net debt was £409m. The external debt, presented net of issue costs, and loan notes are disclosed in note 16. The preference shares are disclosed in note 18.

The Group also has a Revolving Credit Facility ("RCF") of £60m available until 28 February 2023 and a £50m Acquisition Facility secured until 29 March 2019 and repayable on 31 March 2024 if required. At 31 March 2018 no funding was drawn on either of these facilities. There is a leverage covenant which is measured once the RCF is more than 35% drawn and we must ensure that when tested the Consolidated Super Senior Secured Leverage Ratio does not exceed 1.65:1.

Capital Structure

As discussed above the Group has £425m of external debt. The loan notes and preference shares total £487m and are held by the equity shareholders. The Group has a wide share ownership by employees and issued shares in the new group to employees on 29 November 2017. Annually eligible employees are invited to buy shares in the business.

This capital structure with a mix of external and shareholder debt and wide employee share ownership has been successful in supporting the growth of the business through six private equity transactions and ensuring high levels of employee engagement in the business. Details of the share capital are included in note 18.

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Strategic Report (continued)

Principal risks and uncertainties

The following are the principal risk areas

Interest Rate Risk	**Controls**
Interest on Senior debt is calculated on a floating rate and paid quarterly.	Our senior debt currently stands at £405m and interest rate exposure is 67% hedged until June 2020. Management review the level of debt hedged and are comfortable with the current level of variable exposure.
Managing interest risk on vehicle funding is key. We provide vehicle finance to customers on a fixed interest rate basis on all contracts. Vehicles funded through securitisation are on a variable rate.	100% of agency and back to back funded deals are secured with fixed rate funding from banks. 100% of deals funded through securitisation are hedged by swapping floating rate costs for fixed rate across the term of the lease. Management have effectively removed interest rate risk as a result and will consistently apply this policy.
Residual Value Risk	**Controls**
When pricing a lease we need to estimate what the vehicle will be worth at the end of the lease. This is called the 'residual value'. If we over estimate this value and ultimately sell the vehicle for less than its residual value we will lose money. This is called the 'residual value risk'	Sophisticated external tools are used analysing CAP Gold Book, CAP Black Book, PointEstimate and internal intelligence based on historic data are used to set residual values. Fleets are categorised into volume tiers with high volume vehicles reviewed every 3 months, giving 85% coverage and all vehicles covered at least annually. A Residual Value committee meets every 3 months to provide oversight, review the output of the above and challenge residual value positions.
Maintenance Risk	**Controls**
83% of our contracted units have fixed price maintenance contracts. The customer pays us (usually) monthly in fixed instalments over the life of the lease to maintain the vehicle. If the cost of maintaining the vehicle are higher than the total rentals we collect from the customer over the life of the lease we will lose money.	We use data from industry benchmarks in conjunction with our own data to model the costs. There is a rolling review programme to ensure all vehicles are reviewed at least once per year. High volume vehicles have the most detailed review. Management monitor maintenance provisions quarterly using formulae from historic data to give an early indication of potential issues. Any change in profitability would be picked up by this review and actions taken.
Credit Risk	**Controls**
Zenith takes credit risk on customers to the extent it funds vehicles on either back to back or securitisation funding.	We employ two credit analysts to monitor and review credit risk reporting directly to the CFO. Every customer is reviewed at least annually. A detailed review of customers due for review is presented to the Credit Committee which meets monthly. The Credit Analysts present to the CEO, CFO and Finance Director. Based on the review individual credit limits are agreed and funding strategies decided which manage the level of risk that Zenith are prepared to take. All new business opportunities are reviewed by one of the Credit Analysts prior to tendering.

Strategic Report (continued)

Key performance indicators

The directors use a series of financial and non-financial Key Performance Indicators ("KPIs") to monitor the performance of the business.

EBITDA	**Calculation**
Creating value for shareholders is linked to growth in earnings before interest, tax, depreciation and amortisation ("EBITDA" or "Operating Profit"). All employees participate in an annual bonus scheme which is linked to the Group's EBITDA performance against budget.	Management accounts are produced monthly with EBITDA measured and reported on a consistent basis. EBITDA is calculated on the same basis as 'operating profit before amortisation of goodwill, intangible assets and exceptional items' reported in the consolidated profit and loss account and after adding back depreciation on tangible fixed assets (see note 4).
Fleet Size	**Calculation**
The main way to grow Operating Profit is to grow the fleet size and therefore measuring the movement in the fleet is key to the success of the business.	We have sophisticated, award winning, business intelligence reporting solutions which report fleet sizes in real time across our products.
Customer Satisfaction	**Calculation**
One of the key strengths of the Group is the high levels of customer retention. One of our most important KPIs is our measurement of customer satisfaction. This is a key indicator to ensure that this high retention rate is maintained. This is also a key element of the annual bonus payment to employees.	The Group uses state-of-the art, award winning software to critically assess customer satisfaction indices.
Employee Engagement	**Calculation**
We are a service business and our employees are core to our success. Engagement scores are a key indicator of how we are performing. As a business we analyse in detail the results and identify opportunities to improve.	To objectively measure this we take part annually in the Sunday Times Best 100 Companies to work for survey.

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Strategic Report (continued)

Tax

At Zenith we are proud of our service and ethics. Honesty is one of our core values and we apply this to our tax affairs and our dealings with tax authorities and tax advisors in the same way we apply it to all our business activities.

We will fulfil our commitment to paying the right amount of tax that we owe by seeking to pay the appropriate tax, at the right rate and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions we actually undertake in the course of our trade.

We are committed to paying all the taxes that we owe in accordance with the tax laws that apply to our operations. We believe that paying our taxes in this way is the clearest indication we can give of our being responsible participants in society.

Dealing with HMRC

We have built long term relationships with our tax advisors and discuss with them new products and services to ensure the correct tax treatment is adopted. We respond to requests from HMRC in a friendly, timely and professional manner. Where the tax treatment or reporting requirements of specific items are unclear we always seek professional advice. The Senior Accounting Officer and Chief Financial Officer are involved in all these discussions.

Our advisors also keep us updated on tax law as it evolves.

In the event of an enquiry we would be committed to co-operating fully with any investigation with a review to timely resolution of issues. Further details of our tax policy are on our website

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 Group has considerable financial resources to manage its operations (see net debt and covenants above). 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. On this basis, the directors have a reasonable expectation that the Group and 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

Of the 38 million vehicles in the UK today, Zenith's strategy to enter adjacent heavy commercial vehicle and consumer markets now puts the Group in a strong position to grow the business from city cars to heavy commercial vehicles across corporate and consumer markets. In our opinion Zenith is the leading UK proposition with management, technology and funding capabilities in every market segment.

Our corporate vision is to be the benchmark by which quality service is measured within our industry. We are accelerating the pace of investment in systems, infrastructure and people, having recently approved multi million pound investment programmes in these areas which will enable us to continue improving our service levels to customers and keep us at the vanguard of innovative service delivery.

The business has a robust base from which to continue to build and we have many exciting opportunities with both new and existing customers which we expect to be able to develop in order to further drive the creation of shareholder value.

Over the next year Zenith will focus on developing the brand, systems and market for the consumer product and integrate fully the heavy commercial vehicle operations into the business to enhance the corporate offering.

Approved by the Board and signed on its behalf by:

M T Phillips

Director
27 July 2018

Zenith Automotive Holdings Limited
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Directors' report

The principal activity of the Group is vehicle finance solutions to fund company cars, commercial vehicles, personal contract hire, provide flexible benefit schemes or fully outsourced fleet management services. We have a strong focus on high quality service delivery and innovation.

The Company was incorporated on 20 January 2017 as Zeus Topco IV Limited, a private limited company, and changed its name to Zenith Automotive Holdings Limited on 27 January 2017.

Business Review

The directors present their annual report and audited financial statements for 436 days ended 31 March 2018.

The Group's operating profit before amortisation of goodwill, intangibles and exceptional items is £59m for the year to 31 March 2018. The Group made a loss after tax for the period of £79m, however this was after deducting non-cash items of £48m for amortisation of goodwill and intangibles, and preference share and loan note interest of £49m.

The Group is highly cash generative and is forecast to continue to be so for the foreseeable future.

Directors

The directors who served during the period and to the date of this report were:

Tim Buchan (appointed 31 March 2017) is Chief Executive Officer

Tim became CEO of the combined group in March 2017 and has been the CEO of Zenith since 2010. Tim manages the corporate direction and strategy for Zenith and is responsible for directing our proposition, our leadership team, our innovative approach and our new business growth.

Under Tim's leadership Zenith has moved 24 places up the Fleet News 50 list of top leasing and fleet management companies, led the Company to the successful integration of Contract Vehicles Limited, our HGV business, and introduced the organisation into a European market.

Mark Phillips (appointed 28 March 2017) is Chief Financial Officer

Mark is an Economics graduate graduating from the University of Newcastle Upon Tyne in 1989 and trained with Andersen qualifying as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales in 1993. He left Andersen in 1996 and was then group financial controller for a listed speciality chemical and pharmaceutical firm until he joined Zenith as CFO in 1998. He has overall responsibility for the finance functions within Zenith. He also leads our risk management, treasury and legal teams. Mark has been instrumental in all of the private equity transactions the group has progressed through during his period in office and in designing, managing and implementing the securitisation facilities used by the group.

Lord Stuart Rose (appointed 25 September 2017) is Chairman

Stuart has spent his entire career in retail, joining Marks & Spencer plc in 1971, then moving to the Burton Group in 1989 where he became a director in 1993. In 1997 Stuart was Chief Executive of Argos plc and in 1998 when Booker plc merged with the Iceland Group he continued within the role. He became Chief Executive of Arcadia Group plc in November 2000 and left in December 2002 following its sale to Sir Philip Green. Stuart then re-joined Marks & Spencer plc as Chief Executive in May 2004 becoming Chairman in 2008 and standing down at the end of 2010.

He was Chairman of The British Fashion Council from 2004 - 2008, Chairman of Business in the Community from 2008 - 2010 and a Non-Executive Director of Land Securities from 2003-2013. Stuart is currently Chairman of Bridgepoint portfolio company FatFace, as well as of Majid Al Futtaim Retail and Ocado. He sits as a Non-Executive Director of the board of Woolworths (South Africa) and is currently Chairman of Britain Stronger in Europe campaign.

He was knighted in 2008 for services to the retail industry and corporate social responsibility and in 2014 was elevated to the House of Lords.

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Directors' report

Emma Watford (appointed 20 January 2017) is Non-Executive Director

Emma is a Partner with Bridgepoint and sits on the boards of Zenith and Hobbycraft. Emma has worked on a number of transactions including the acquisitions of Zenith, Estera, Quilter and Cheviot and the exits of Quilter Cheviot and Pets at Home. Prior to joining Bridgepoint, she was a director of Candover Partners and prior to that, Emma worked at Morgan Stanley in mergers and acquisitions.

Guy Weldon (appointed 28 March 2017) is Non-Executive Director

Guy is a Partner and Chief Investment Officer at Bridgepoint. Guy currently sits on the boards of Fat Face, Hobbycraft and Zenith. Guy has worked extensively on private equity transactions across Europe, particularly within the Consumer sector working on amongst others Pret A Manger and Pets at Home.

William Paul (appointed 20 January 2017, resigned 31 March 2017)

William is a Partner at Bridgepoint and was involved in the Zenith transaction.

Patrick Rawnsley (appointed 17 July 2017) is Group General Counsel and Company Secretary

Patrick leads the legal and compliance function across the Group's activities. He brings 30 years' experience as a corporate lawyer, both in private practice and in public companies. Patrick ensures that the Zenith team and its external legal partners remain constantly aligned to the Group's objectives and supports the ongoing needs of both our valued customers and our regulators at the FCA.

Registered Office

The Company's registered office is

Number One
Great Exhibition Way
Kirkstall Forge
Leeds
England
LS5 3BF

The Company was incorporated on 20 January 2017 as Zeus Topco IV Limited, a private limited company, and changed its name to Zenith Automotive Holdings Limited on 27 January 2017.

The directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report, for the first accounting period of 436 days ended 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

No dividends were paid in the year. For discussion on the Group financial performance for the year please refer to business review section in the Strategic Report.

Principal risks and uncertainties

The principal risks and uncertainties of the Group and 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 Group and Company.

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

Directors' report

Post balance sheet events

There are no post balance sheet events to report.

Charitable and political contributions

During the year the Group made charitable donations of £29,381, principally to local charities serving the communities in which the Group operates. The Group made no political contributions in the year.

Employees and training

Much of the Group's success can be attributed to its policy of progressive training and development of employees. The growing expertise and confidence of its employees has enabled the Group to deliver sophisticated products to its customer base in a very professional manner. The directors are thankful to all employees for the way in which they continually meet the demands made of them.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully since its inception, and is open to all employees who have served a pre-defined time requirement with the Company. In addition, all employees receive an annual bonus related to the overall profitability of the Group.

Auditor

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

M T Phillips
Director
27 July 2018

Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV 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 period. 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 Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Zenith Automotive Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's 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 which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 23.

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 Financial Reporting Council's (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.

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 group's or the parent 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.

Independent auditor's report to the members of Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited) (continued)

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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.

Independent auditor's report to the members of Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited) (continued)

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 financial 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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Consolidated profit and loss account

For the 436 days ended 31 March 2018

	Note	436 days ended 31 March 2018 £'000
Turnover	3	462,995
Cost of sales		(368,580)
Gross profit		94,415
Operating expenses		(88,605)
Operating profit before amortisation of goodwill, intangible assets and exceptional items		59,122
Amortisation of goodwill	4	(23,873)
Amortisation of intangible assets	4	(23,948)
Operating exceptional items	6	(5,491)
Operating profit	4	5,810
Finance costs (net)	5	(88,250)
Loss before taxation		(82,440)
Tax on loss	9	3,770
Loss for the financial period		(78,670)

All results derive from continuing operations.

The accompanying notes 1 to 23 are an integral part of these financial statements.

Consolidated statement of comprehensive income

For the 436 days ended 31 March 2018

	436 days ended 31 March 2018 £'000
Loss for the financial period	(78,670)
Hedge gains arising during period (net)	2,402
Total comprehensive income attributable to the shareholders of the Group	(76,268)

Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Consolidated balance sheet
As at 31 March 2018

	Note	As at 31 March 2018 £'000
Fixed assets		
Goodwill	10	453,592
Intangible assets	11	441,984
Tangible assets	12	423,880
		1,319,456
Current assets		
Debtors		
– due within one year	14	99,925
– due after one year	14	75,659
Cash at bank and in hand		16,483
Creditors: Amounts falling due within one year	15	(271,429)
Net current (liabilities)		(79,362)
Total assets less current liabilities		1,240,094
Creditors: Amounts falling due after more than one year	16	(947,283)
Provisions for liabilities	17	(95,099)
Net assets		197,712
Capital and reserves		
Called up share capital	18	271,544
Share premium account		2,436
Hedging reserve		2,402
Profit and loss account		(78,670)
Shareholders' funds		197,712

The accompanying notes 1 to 23 are an integral part of these financial statements.

The financial statements of Zenith Automotive Holdings Limited were approved by the board of directors and authorised for issue on 27 July 2018.

M T Phillips

Director

Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Company balance sheet
As at 31 March 2018

	Note	As at 31 March 2018 £'000
Fixed assets		
Investments	13	2,482
Current assets		
Debtors – due within one year	14	293,410
Cash at bank and in hand		20
Creditors: Amounts falling due within one year	15	(3,459)
Net current assets		289,971
Total assets less current liabilities		292,453
Creditors: Amounts falling due after more than one year	16	(27,732)
Net assets		264,721
Capital and reserves		
Called up share capital	18	271,544
Share premium account		2,435
Profit and loss account		(9,258)
Shareholders' funds		264,721

The accompanying notes 1 to 23 are an integral part of these financial statements.

The financial statements of Zenith Automotive Holdings Limited (registered number 10574333) were approved by the board of directors and authorised for issue on 27 July 2018.

M T Phillips

Director

Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Consolidated statement of changes in equity
As at 31 March 2018

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
At 20 January 2017	-	-	-	-	-
Issue of share capital	271,544	2,436	-	-	273,980
Acquisition of subsidiary	-	-	-	(1,283)	(1,283)
Loss for the financial period and total comprehensive expense	-	-	(78,670)	-	(78,670)
Hedges of variable interest rate risk (note 20)	-	-	-	4,440	4,440
Deferred tax charge (note 17)	-	-	-	(755)	(755)
At 31 March 2018	271,544	2,436	(78,670)	2,402	197,712

Hedging reserve:

The accompanying notes 1 to 23 are an integral part of these financial statements.

Movements in the hedging reserve reflect the change in the fair value of derivative financial instruments designated into hedge accounting relationships in accordance with IFRS 9. The derivatives are originally recognised on the balance sheet at fair value, with fair value gains or losses relating to future periods being recognised in other comprehensive income and therefore outside of the profit and loss account.

Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Company statement of changes in equity
As at 31 March 2018

	Called up share capital £'000	Share premium Account £'000	Profit and loss account £'000	Total £'000
At 20 January 2017	-	-	-	-
Issue of share capital	271,545	2,435	-	273,980
Loss for the financial period and total comprehensive income	-	-	(9,258)	(9,258)
At 31 March 2018	271,545	2,435	(9,258)	264,722

The accompanying notes 1 to 23 are an integral part of these financial statements.

Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Consolidated cash flow statement

For the 436 days ended 31 March 2018

	Year ended 31 March 2018 £'000
Operating profit	**5,810**
Adjustment for:	
Depreciation charges and impairment of fixed assets	107,253
Amortisation of goodwill and intangibles	47,821
Profit on sale of tangible fixed assets	(4,413)
Income tax paid	(2,750)
Interest paid	(34,681)
Operating cash flow before movement in working capital	119,040
Capital repayment received from lessees	61,852
(Increase) / Decrease in debtors	(11,080)
Increase / (Decrease) in creditors	(18,763)
Increase / (Decrease) in provisions	(3,789)
Net cash inflow from operating activities	**147,260**
Cash flows from investing activities	
Proceeds from sale of operating lease assets	117,466
Purchase of operating lease assets	(40,290)
Purchase of subsidiary undertakings, net of cash acquired (note 10)	(457,703)
Net cash flows from investing activities	**(380,527)**
Cash flows from financing activities	
Issue of share capital	273,980
Repayments of borrowings	(629,038)
Bank loans raised	404,808
Issue of loan notes	200,000
Net cash flows from financing activities	**249,750**
Net increase in cash and cash equivalents	**16,483**
Cash and cash equivalents at start of the period	**-**
Cash and cash equivalents at 31 March 2018	**16,483**

The accompanying notes 1 to 23 are an integral part of these financial statements.

Zenith Automotive Holdings Limited
(previously known as Zeus Topco IV Limited)

Notes to the financial statements
For the 436 days ended 31 March 2017

1. ACCOUNTING POLICIES

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

a. General information and basis of accounting

Zenith Automotive Holdings Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 15. The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and adopt IFRS9 for classification and measurement of financial instruments and hedge accounting.

The functional currency of Zenith Automotive Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also presented in pounds sterling.

This Company and the Group's current reporting period is 436 days to 31 March 2018.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Going concern

The Group has considerable financial resources and has a broad customer base across different business sectors in the United Kingdom. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 Group's ability to continue as a going concern for the foreseeable future. In forming this view, the directors have considered the Group's budgets and trading forecasts and the committed bank facilities available to the Group together with forecast headroom against those borrowing facilities including the impact of reasonable sensitivities and foreseen uncertainties. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

1. ACCOUNTING POLICIES (continued)

d. Vehicle leases

The obligations for vehicles acquired under finance leases and hire purchase contracts are categorised as creditors due within or after one year as appropriate.

Vehicles leased to customers under operating leases are reported as tangible fixed assets including those funded under securitisation. They are stated at their fair value at acquisition less depreciation.

Vehicles leased to customers under finance leases and hire purchase contracts are reported as debtors and are stated at the value of the minimum rentals receivable less the finance charges allocated to future period.

Finance income and finance charges on securitised funding are accounted for on an effective interest rate basis.

Rental income under contract hire operating leases is recognised on a straight line basis over the period of the contract.

Lease rentals under finance and hire purchase contracts is split between repayments of capital and interest, with interest calculated using an effective interest rate methodology.

Provision is made, over the remaining lease term or immediately on loss making contracts, for any anticipated shortfall between the resale prices of vehicles at the end of their contracts and residual values set against the vehicles when writing contracts with customers on a portfolio basis.

e. Turnover

Turnover arises entirely from sales to the UK customers and is generated wholly from the Group's principal business activity. Any European activity is contracted by our European alliance partners and not directly by the Group.

The recognition policies within the single class of business are as follows:

Revenue type	**Recognition policies**
Contract purchase interest	See vehicle leases
Contract hire rentals	See vehicle leases
Employee Car Ownership	See vehicle leases
Fleet management and outsourcing fees	On a straight line basis over the period of contract
Vehicle sales	On despatch
Early, excess mileage and servicing	
Termination charges	Upon termination of the contract
Servicing, maintenance and road fund	
Licence income	On a straight-line basis over the period of contract
Vehicle purchase incentives	On a straight-line basis over the period of lease
Agency rentals	On a straight-line basis over the period of contract

f. Employee benefits

The Group participates in a defined contribution scheme. The amounts charged to the profit and loss account in respect of pension costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

g. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value over the useful life or period of lease. Assets leased to customers on operating leases are depreciated over the period on a straight line basis. These assets are held for lease terms which represent a significant portion of the useful economic life of the asset. Further, at any point in time during the lease, the net present value of cash inflows (including if appropriate the payment by customers of early termination penalties), together with the estimated net realisable value of the asset at the end of the lease, are not less than the carrying value of the asset.

Depreciation is provided on other assets as follows:

Leasehold improvements	Over the term of the lease - straight-line
Equipment, fixtures and fittings	20% per annum - reducing balance
Computer hardware	25% per annum - straight-line
Computer software	20% per annum - straight-line

h. Agency agreements

Agency agreements are accounted for in line with the substance of the agreement. Where the principal risks and rewards are attributable to the Company, the gross revenues and costs are recognised over the period of the contract. Gross receivables and payables from the ultimate customer and to the principal supplier are not recognised in the balance sheet as the Company has no access to the risks and rewards of these items. The committed cost of vehicles subject to repurchase agreements are recognised in debtors and creditors in line with their buyback commitments. Provision is made for any residual value exposure on a portfolio basis.

i. Provision for maintenance costs

Provision is made for obligations under maintenance contracts so as to provide a constant rate of return on maintenance contract revenue. The amount recognised as a provision is the best estimate of consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

j. Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

k. Intangible assets –customer relationships

Customer relationships are fair valued at point of acquisition, this value is capitalised and written off on a straight-line basis over its useful economic life, which is judged to be 20 years. Provision is made for any impairment.

l. Financial instruments

Financial assets and financial liabilities are recognised when the Group 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.

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

l. Financial instruments (continued)

(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.

(ii) Investments

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

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

l. Financial instruments (continued)

(iii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(iv) 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.

(v) Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of variable interest rate risk of the cash flows associated with recognised debt instruments measured at amortised cost and in respect of foreign exchange risk in firm commitments and highly probable forecast transactions.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with the clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge and on an ongoing basis, the Group assesses whether the hedging instrument is highly effective in offsetting the designated hedged risk.

The effective portion of changes in the fair value of the designated hedging instrument is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

m. 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.

1. ACCOUNTING POLICIES (continued)

m. Taxation (continued)

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.

n. Loss attributable to the Company

The loss for the 436 days ended 31 March 2018 dealt with in the financial statements of the parent Company was £9,258,000. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group'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 Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of goodwill

The Group regularly reviews for new indicators of impairment, where none are found no impairment testing is undertaken; where such indicators are found the Group undertakes an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £453,592,000. No impairment loss was recognised during the 436 days ended 31 March 2018.

Key source of estimation uncertainty

Residual values

When pricing a lease the estimate of what a vehicle will be worth at the end of the lease is called the residual value. The Group reviews the residual values of its leased assets on an ongoing basis with reference to independent market data and prevailing economic conditions. We use sophisticated technology and risk management techniques to manage residual value and maintenance risk and our risk positions and exposures are constantly reassessed and adjusted accordingly. As such, residual values held in the financial statements of this Group are believed to be redeemable and free from impairment.

Maintenance provision

The Group regularly reviews its provisioning for future maintenance costs. The amount recognised as a provision is the best estimate of consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Extensive analysis is undertaken regularly based on a substantial amount of historic evidence to ensure the provisioning level is both appropriate, and consistent with previous years.

We use sophisticated technology and risk management techniques to manage maintenance risk and our risk positions and exposures are constantly reassessed and adjusted accordingly. As such provisions in the balance sheet in place to cover expected future expenditure on maintenance contracts are believed to be adequate but not excessive.

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

3. TURNOVER

	436 days ended 31 March 2018 £'000
An analysis of the Group's turnover by class of business is set out below:	
Long term leases	236,453
Vehicle sales	123,926
Other*	102,616
	462,995

*Other turnover includes fleet management and outsource fees, daily rental and other miscellaneous income.

The Group's turnover was all derived from operations within the United Kingdom

4. OPERATING PROFIT

Operating profit is stated after charging:

	436 days ended 31 March 2018 £'000
Depreciation of tangible fixed assets (note 12)	
-Owned	2,672
-Held under finance leases and hire purchase contracts	104,580
Amortisation of goodwill (note 10)	23,873
Amortisation of intangibles (note 11)	23,948

4. OPERATING PROFIT (continued)

The analysis of the auditor's remuneration is as follows:

	436 days ended 31 March 2018 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	28
The audit of the Company's subsidiaries	150
Total audit fees	178
Taxation compliance services	38
Other taxation advisory services	165
Corporate Finance Fees	2,559
Total non-audit fees	2,762
Total Fees	2,940

5. FINANCE COSTS (net)

	436 days ended 31 March 2018 £'000
Bank loans, loan notes, preference shares and overdrafts	(88,250)
Finance costs (net)	(88,250)

Notes to the financial statements (continued)
For the 436 days ended 31 March 2018

6. EXCEPTIONAL ITEMS

The Group incurred the following exceptional costs:

	436 days ended 31 March 2018 £'000
Reorganisation of acquisitions	1,971
Group reorganisation	3,520
Total exceptional items	5,491

Costs relating to reorganisation of the acquired heavy goods vehicle company, Contract Vehicles Limited, were treated as exceptional. During the period the Group relocated from one offices at the end of its lease into the other two office locations.

7. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	436 days ended 31 March 2018 Number
Office, sales and management staff	658

Their aggregate remuneration comprised:	**436 days ended 31 March 2018 £'000**
Wages and salaries	22,152
Social security costs	2,697
Other pension costs (see note 19)	1,234
	26,083

Notes to the financial statements (continued)
For the 436 days ended 31 March 2018

8. DIRECTORS' REMUNERATION AND TRANSACTIONS

	436 days ended 31 March 2018 £'000
Directors' remuneration	
Emoluments	577
	577

	Number
The number of directors who:	
Are members of a money purchase pension scheme	3

	436 days ended 31 March 2018 £'000
Remuneration of the highest paid director:	
Emoluments	262

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

9. TAX ON LOSS ON ORDINARY ACTIVITES

The tax charge comprises:

	436 days ended 31 March 2018 £'000
Current tax on loss	
UK corporation tax	1,034
Total current tax	1,034
Deferred tax	
Origination and reversal of timing differences	(5,350)
Effect of changes in tax rates	546
Total deferred tax	(4,804)
Total tax on loss	(3,770)

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.

Factors Affecting Total Tax Charge for the Current Period

	436 days ended 31 March 2018 £'000
Loss before tax	(82,440)
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(15, 663)
Effects of:	
- Expenses not deductible for tax purposes	11,601
- Income not taxable	(340)
- Effects of Group relief	86
- Effects of other tax rates / credits	546
Total tax credit for year	(3,770)

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

10. GOODWILL

Group:	**£'000**
Cost	
At 20 January 2017	-
Additions in the year	477,465
Accumulated amortisation	
At 20 January 2017	-
Charge for the year	23,873
At 31 March 2018	23,873
Net book value	
At 31 March 2018	453,592

On 31 March 2017 the Company acquired the entire share capital of Zenith Group Holdings Limited and Contract Vehicles Holdings Limited and their subsidiary undertakings.

During the period a number of the Group's non-trading companies and dormant companies were placed into members' voluntary liquidation. None of these were trading companies. This was part of a group structure simplification exercise completed during the year. This included both Zenith Group Holdings Limited and Contract Vehicles Holdings Limited and the share capital (note 13).

The acquisition of the Zenith group of companies generated £418,635,000 of goodwill, and the acquisition of the Contract Vehicles group of companies generated a further £58,830,000 of goodwill. The resulting goodwill totalling £477,465,000 is set to amortise over a 20 year period.

Company:

As at 31 March 2018 the Company only financial statements contain goodwill of £nil.

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

10. GOODWILL (continued)

a) On 31 March 2017 the Company acquired the entire issued share capital of Zenith Group Holdings Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value of net assets acquired £'000
Fixed assets			
Intangible assets	144,216	270,173	414,389
Tangible	420,171	-	420,171
Current assets			
Debtors – due within one year	79,405	-	79,405
Debtors – due after one year	109,979	-	109,979
Cash at bank and in hand	83,367	-	83,367
Total assets	837,138	270,173	1,107,311
Creditors			
Creditors – due within one year	(277,576)	-	(277,576)
Creditors – due after one year	(728,973)	-	(728,973)
Provisions for liabilities	(46,309)	(54,217)	(100,526)
Total liabilities	(1,052,858)	(54,217)	(1,107,075)
Net (liabilities) / assets	(215,720)	215,956	236
Goodwill			418,635
Satisfied by			
Cash consideration paid (including expenses of £10,496,000 included in the cost of investment)			418,871
Net cash outflows in respect of the acquisition comprises:			
Cash consideration			418,871
Cash acquired			(83,367)
			335,504

The fair value adjustment relates to the valuation of intangible assets and the related deferred tax.

10. GOODWILL (continued)

b) On 31 March 2017 the Company acquired the entire issued share capital of Contract Vehicles Holdings Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value of net assets acquired £'000
Fixed assets			
Intangible assets	-	51,542	51,542
Tangible	1,822	-	1,822
Current assets			
Debtors	20,103	-	20,103
Cash at bank and in hand	6,072	-	6,072
Total assets	27,997	51,542	79,539
Creditors			
Creditors	(16,338)	(1,080)	(17,418)
Provisions for liabilities	(593)	(217)	(810)
Total liabilities	(16,931)	(1,297)	(18,228)
Net assets	11,066	50,245	61,311
Goodwill			58,830
Satisfied by			
Cash consideration paid (including expenses of £660,000 included in the cost of investment)			120,141
Net cash outflows in respect of the acquisition comprises:			
Cash consideration			120,141
Cash acquired			(6,072)
			114,069

The fair value adjustment relates to the valuation of intangible assets and provision for onerous contracts.

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

11. INTANGIBLE ASSETS

Group	**£'000**
Cost	
At 20 January 2017	-
Additions in the year	465,932
At 31 March 2018	465,932
Accumulated amortisation	
At 20 January 2017	-
Charge for the year	23,948
At 31 March 2018	23,948
Net book value	
At 31 March 2018	441,984

Company:

As at 31 March 2018 the Company only financial statements contain intangible assets of £nil.

12. TANGIBLE FIXED ASSETS

	Equipment, fixtures and fittings £'000	Vehicles leased to customers under operating leases £'000	Total £'000
Cost			
At 20 January 2017	-	-	-
Additions	14,517	207,676	222,193
Acquisition of subsidiaries	8,275	412,092	420,367
Disposals	(1,051)	(204,186)	(205,237)
At 31 March 2018	21,741	415,582	437,323
Accumulated depreciation			
At 20 January 2017	-	-	-
Charge for the year	2,672	104,580	107,252
Disposals	(807)	(93,002)	(93,809)
At 31 March 2018	1,865	11,578	13,443
Net book value			
At 31 March 2018	19,876	404,004	423,880

Equipment, fixtures and fittings includes computer hardware and computer software which have not been split out as the directors deem them to be not material to the users of the financial statements.

Tangible fixed assets of the Group include vehicles held under finance leases, hire purchase contracts and under the securitisation agreement with a net book value of £295,357,000 at the end of the year. The depreciation charge for the year on these assets was £104,580,000.

Future minimum lease payments receivable under non-cancellable operating leases captured as fixed assets are summarised as below:

	As at 31 March 2018 £'000
Within one year	114,690
Between one and five years	121,030
	235,720

No contingent rentals have been included as income.

Company:

As at 31 March 2018 the Company only financial statements contain tangible fixed assets of £nil.

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

13. FIXED ASSET INVESTMENTS

Company subsidiary undertakings:	**As at 31 March 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 (*The shares in the undertakings marked with an asterisk are held indirectly by subsidiary undertakings):

	Class of shares held	**Principal activity**	**Percentage of shares held**
Zenith Finco Limited	Ordinary	Holding company	100%
Zenith Midco 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 members' voluntary liquidation. 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%*

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

14. DEBTORS

	Group	Company
	As at 31 March 2018 £'000	**As at 31 March 2018 £'000**
Amounts falling due within one year:		
Trade debtors	35,959	-
Amounts receivable under finance leases	54	-
Amounts receivable under hire purchase contracts	2,770	-
Amounts receivable under securitised contracts	2,382	-
Vehicles subject to repurchase agreements	22,759	-
Amounts owed by subsidiary undertaking	-	290,492
Other debtors	921	170
Corporation tax	2,009	-
Fair value of hedging instruments	2,894	-
Prepayments and accrued income	30,178	2,748
	99,925	293,410
Amounts falling due after more than one year:		
Amounts receivable under hire purchase contracts	6,089	-
Amounts receivable under securitised contracts	24,624	-
Vehicles subject to repurchase agreements	40,376	-
Prepayments and accrued income	4,570	-
	75,659	-
	175,584	293,410

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Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

15. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company
	As at 31 March 2018 £'000	As at 31 March 2018 £'000
Obligations under finance leases and hire purchase contracts	31,761	-
Obligations under securitised contracts	145,609	-
Vehicles subject to repurchase agreements	22,759	-
Trade creditors	31,940	-
VAT	3,295	-
Other taxation and social security	1,020	-
Other creditors	10,840	-
Accruals and deferred income	24,205	-
Amounts owed to other group undertakings*	-	3,459
	271,429	3,459

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

16. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Company
	As at 31 March 2018 £'000	As at 31 March 2018 £'000
Bank loans	404,810	-
Obligations under finance leases and hire purchase contracts	14,872	-
Obligations under securitised contracts	243,921	-
Vehicles subject to repurchase agreements	40,376	-
Loan notes	215,123	-
Accruals and deferred income	28,181	27,732
	947,283	27,732

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

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

16. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

Obligations under finance leases and hire purchase contracts are repayable as follows:

	Group	Company
	As at 31 March 2018 £'000	As at 31 March 2018 £'000
Obligations under finance leases and hire purchase contracts		
Within two to five years	14,872	-
On demand or within one year	31,761	-
	46,633	-
Obligations under securitised contracts		
Within two to five years	243,921	-
On demand or within one year	145,609	-
	389,530	-

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

17. PROVISIONS FOR LIABILITIES

	Deferred taxation £'000	Maintenance costs £'000	Total £'000
Group			
At 20 January 2017	-	-	-
Balance on acquisition	80,370	22,351	102,721
Charged to profit and loss account	(4,804)	37,566	32,762
Charged to other comprehensive income	755	-	755
Utilisation of provision	-	(41,139)	(41,139)
At 31 March 2018	76,321	18,778	95,099

Maintenance costs

The provision for maintenance costs relates to obligations under maintenance contracts in existence at the balance sheet date. The expenditure will be incurred over the period of these contracts which will be completed over the next one to four years.

Deferred tax

Deferred tax is provided as follows:	As at 31 March 2018 £'000
Accelerated capital allowances	542
Short term timing differences	642
Non trading timing differences	75,137
Provision for deferred tax	76,321

Non trading timing differences:

Deferred tax liability directly related to intangible assets (note 11). This liability will unwind over a 20 year period in line with movements of the intangible asset balances.

The amount of deferred tax assets not recognised as at 31 March 2018 is £nil.

Company

As at 31 March 2018 the Company only financial statements contain provisions of £nil.

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

18. CALLED UP SHARE CAPITAL

	As at 31 March 2018 £'000
Allotted, called up and fully-paid	
1,999,999 A ordinary shares of £0.01 each	20
424,375 B ordinary shares of £0.01 each	4
18,345 C ordinary shares of £0.01 each	-
238,043 D1 ordinary shares of £0.01 each	2
271,517,758 preference shares of £1.00 each	271,518
	271,544

The A, B and C ordinary shares rank ahead of the D1 ordinary shares for dividend and on a return of assets. In the event of a future sale or listing of the Company the D1 ordinary shares entitle employees holding those shares to share in any value in excess of a hurdle rate set by the directors on the shares (set at a premium to the current equity value of the Company). The maximum value that can be delivered to D1 ordinary shareholders is 1.5% of any excess above the hurdle rate.

During the period, the Company implemented a growth share scheme under which eligible employees were given the opportunity to subscribe for D1 class shares. These shares were issued on 29 November 2017.

A reconciliation of share movements in the year is given below:

Type of shares	Ordinary	A Ordinary	B Ordinary	C Ordinary	D1 ordinary	Preference
20 January 2017	1					
31 March 2017	(1)*	1,999,999	368,750	15,940	-	271,517,758
1 October 2017	-	-	18,750	811	-	-
29 November 2017	-	-	-	-	238,043	-
2 January 2018	-	-	36,875	1,594	-	-
	-	1,999,999	424,375	18,345	238,043	271,517,758

* The existing one ordinary share of £1 in the capital of the Company be re-designated as 100 class A ordinary shares of nominal value of £0.01 each.

Notes to the financial statements (continued)
For the 436 days ended 31 March 2018

19. FINANCIAL COMMITMENTS

Group

a) Capital commitments

At the end of the year the Group had contracted capital commitments of £99,299,000 relating to the purchase of vehicles for leasing to its customers. These commitments are expected to be met within the next 12 months. The Group had no other capital commitments.

b) 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.

c) Buy back commitments

The Group had commitments to purchase vehicles at the expiry of leases as follows:

	As at 31 March 2018 £'000
Within one year	3,871
Within two to five years	6,115
	9,986

The buy-back commitments above represent agreements that Provecta Car Plan Limited has with customers that give the customer the option to sell the vehicle back to the Group for its residual value at the end of the lease agreement.

The directors are of the opinion in aggregate across the portfolio that no losses will be incurred in disposing of these vehicles.

d) Pension arrangements

The Group makes contributions to various money purchase schemes on behalf of certain employees. The cost charged in the profit and loss account during the year was £1,234,000. The amount unpaid as at 31 March 2018 was £171,312.

Company:

The Company has no financial commitments for the year ended 31 March 2018.

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

20. FINANCIAL INSTRUMENTS

The carrying value of the Group's financial assets and liabilities are summarised as below.

At the balance sheet date, the Group had in place hedging arrangements to reduce its exposure to movements in interest rates. The Group has used a combination of interest rate caps and interest rate swaps (whereby it has swapped floating rates for fixed rates) against the amortisation profile of its term loans until their expiry. The indicative market value of these derivatives as at 31 March 2018 is an asset of £2,894,000.

	Group
	£'000
Financial assets	
Measured at fair value and designated in an effective hedging relationship	
• Derivative financial assets (see note 21)	2,894
Debt instruments measured at amortised cost	
• Long term loans receivable (see note 14)	96,159
Measured at undiscounted amount receivable	
• Long term loans receivable (see note 14)	76,551
Equity instruments measured at cost less impairment	
• Fixed asset investments in subsidiaries (see note 13)	2,482
As at 31 March 2018	**178,086**

	Group
	£'000
Financial liabilities	
Measures at amortised cost	
• Loans payable (see notes 15 and 16)	619,932
• Obligations under finance leases (see notes 15 and 16)	499,299
Measured at undiscounted amount payable	
• Trade and other creditors (see notes 15 and 16)	99.481
As at 31 March 2018	**1,218,712**

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group
	£'000
Fair value gains and (losses)	
On derivative financial assets designated in an effective hedging relationship	4,439
As at 31 March 2018	**4,439**

Notes to the financial statements (continued)

For the 436 days ended 31 March 2018

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Current	Non-current
	As at 31 March 2018 £'000	**As at 31 March 2018 £'000**
Group		
Derivatives that are designated and effective as hedging instruments are carried at fair value		
Assets		
Interest rate caps	108	2,786

Interest rate swaps and caps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate	Notional principal value	Fair value asset/(liability)
	As at 31 March 2018 %	**As at 31 March 2018 £'000**	**As at 31 March 2018 £'000**
Less than 1 year	0.9%	89,380	108
1 to 2 years	0.9%	78,362	131
2 to 5 years	1.0%	423,638	2,655
		591,380	2,894

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is either one or three months' LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are designated as hedges of variable interest rate risk of the Group's floating rate borrowings. The hedged cash flows are expected to occur and are recognised in Group comprehensive income over the period to maturity of the interest rate swaps.

Gains of £2,402,000 were recognised in other comprehensive income.

Notes to the financial statements (continued)
For the 436 days ended 31 March 2018

22. RELATED PARTY TRANSACTION

A related party is either an individual with control or significant influence over the Group, or a company that is linked to the Group by investment or a related individual. Our primary related parties are our key management personnel**.**

Key management personnel are considered to be the Group's directors, who are members of either or both of the Group holding board or operating board.

The remuneration of key management personnel of the Group is set out below in aggregate.

	Year ended 31 March 2018 £'000
Salary and short term benefits	2,323
Group contribution to money purchase pension scheme	267
Loss of office	-
	2,590

Amounts included in the table above reflect the remuneration of the 17 key management personnel who are members of the holding and operating boards.

There were no other transactions with directors for the years covered by these consolidated financial statements.

23. ULTIMATE CONTROLLING PARTY

At 31 March 2017, the largest and smallest group in which the results of the company were consolidated is Zenith Automotive Holdings Limited. The consolidated financial statements can be obtained from the registered office at Number One, Great, Exhibition Way, Kirkstall Forge, Leeds, England, 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.