

A G Finance Limited

Annual report and financial statements for the year ended 31 December 2019

Registered office

St William House
Tresillian Terrace
Cardiff
CF10 5BH

Registered number

01923956

Current directors

T Hoshino
M D Whytock

Company Secretary

D D Hennessey

Member of Lloyds Banking Group



Directors' report

For the year ended 31 December 2019

The directors present their report and the audited financial statements of A.G Finance Limited ("the Company") for the year ended 31 December 2019.

General information

The Company is a private company limited by shares, incorporated in the United Kingdom, registered in England and Wales and domiciled in Wales (registered number: 01923956).

The Company provided a range of hire purchase products and personal loans, generally in connection with the financing of motor cars sold through the Kia dealer network.

The Company is funded entirely by other companies within the Lloyds Banking Group ("the Group").

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Retail Division, which is part of the Lloyds Banking Group. The Retail Division is a portfolio of businesses and operates in a number of specialist markets providing consumer lending and contract hire to personal and corporate customers. Further details of risk management policies are contained in note 13 to the financial statements.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Future outlook

The Company was subject to Payment Protection Insurance ("PPI") claims. The PPI claim deadline has now passed and all claims received are currently being evaluated. The directors aim to liquidate the Company in the next 12 months.

Following the UK's exit from the EU, significant negotiation is now required on the terms of the future trade agreement. As a result, the possibility of a limited or no deal at the end of the transition period remains and could manifest in prolonged business uncertainty across the UK, including in the financial services sector. This continued lack of clarity over the UK's relationship with the EU and other foreign countries, and on-going challenges in the Eurozone, including weak growth, raise additional uncertainty for the UK's economic outlook. There also remains the possibility of a further referendum on Scottish independence. The Company is part of the wider Lloyds Banking Group, and, it is at that level that consideration of the many potential implications this may have has been undertaken. Work continues to assess the impact of EU exit at the level of the Lloyds Banking Group, as well as for the Company, upon customers, colleagues and products. This assessment includes all legal, regulatory, tax, finance and capital implications. No impact is expected for the Company.

Post balance sheet events

On January 30, 2020, the World Health Organisation declared Covid-19 to be a public health emergency and a pandemic on 11 March 2020. Given the circumstances and information that was available as at 31 December 2019, the resulting impact of Covid-19 has been assessed by the directors to be a non-adjusting post balance sheet event.

The directors have considered the actual and potential impacts of Covid-19 and the UK government's responses to the pandemic on the activities of the Company and concluded that there will be no significant impact for the Company.

Dividends

No dividends were paid or proposed during the year ended 31 December 2019 (2018: £nil).

Going concern

The directors have decided to liquidate the Company and it is expected that the Company will be liquidated within the next 12 months. Therefore the accounts have been prepared on basis other than going concern.

Directors

The current directors of the Company are shown on the front cover.

The following change has taken place between the beginning of the reporting period and the approval of the Annual report and financial statements:

P A Williams (resigned 8 April 2020)

Directors' report (continued)

For the year ended 31 December 2019

Directors' indemnities

Lloyds Banking Group plc ("LBG") has granted to Mr M D Whytock, the LBG director of the Company appointed by and representing the Group, a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements. LBG directors no longer in office but who served on the board of the Company at any time in the financial year have the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of a director's period of office. The deed indemnifies the LBG directors to the maximum extent permitted by law. The deed for current LBG directors is available for inspection at the registered office of the Group. In addition, the Group has in place appropriate LBG directors and officers liability insurance cover which was in place throughout the financial year.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company's financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 auditors and disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Section 414 of Part 15 of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:



M D Whytock
Director

19 August 2020

Statement of comprehensive income

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Payment protection insurance (charge)/credit	10	(351)	23
Impairment gains	3	21	11
Other operating expenses	4	-	(7)
<hr/>			
(Loss)/profit before tax		(330)	27
Taxation	7	-	-
<hr/>			
(Loss)/profit for the year		(330)	27
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Attributable to:			
Owners of the parent		(165)	14
Non-controlling interest		(165)	13
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(Loss)/profit for the year being total comprehensive (expense)/income		(330)	27

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

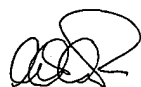
Balance sheet

As at 31 December 2019

	Note	2019 £'000	2018 £'000
ASSETS			
Trade and other receivables	8	142	303
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Total assets		142	303
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LIABILITIES			
Provision for liabilities and charges	10	269	100
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Total liabilities		269	100
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EQUITY			
Share capital	11	10	10
Retained earnings		(137)	193
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Total equity		(127)	203
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Total equity and liabilities		142	303

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

The financial statements were approved by the board of directors and were signed on its behalf by:



M D Whytock
Director

19 August 2020

Statement of changes in equity

For the year ended 31 December 2019

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	10	166	176
Profit for the year, being total comprehensive income for the year attributable to:			
- Owners of the parent	-	14	14
- Non-controlling interest	-	13	13
At 31 December 2018	10	193	203
Loss for the year, being total comprehensive expense for the year attributable to:			
- Owners of the parent	-	(165)	(165)
- Non-controlling interest	-	(165)	(165)
At 31 December 2019	10	(137)	(127)

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

Cash flow statement

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows used in operating activities		
(Loss)/profit before tax	(330)	27
Adjustments for:		
- Increase/(decrease) in Provision for liabilities and charges	169	(46)
Changes in operating assets and liabilities:		
- Net decrease in Other debtors and Other assets	8	8
Cash used in operations	(153)	(11)
Net cash used in operating activities	(153)	(11)
Cash flows generated from financing activities		
Proceeds from net lending to group undertakings	153	11
Net cash generated from financing activities	153	11
Change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

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

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both years presented, unless otherwise stated.

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and its predecessor body.

There are no new pronouncements relevant to the Company requiring adoption in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2019 and which have not been applied in preparing these financial statements are given in note 17. No standards have been early adopted.

The financial statements have been prepared on a break up basis as the directors expect to liquidate the Company within the next 12 months. There would be no difference to asset values between a going concern basis and a basis other than going concern under the historical cost convention.

1.2 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings and Other assets. The Company has no financial liabilities.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired.

Amounts due from group undertakings is assessed at the reporting date for impairment on a forward looking basis and where appropriate an expected credit loss ("ECL") is recognised based on reasonable and supportable information.

1.3 Taxation

Tax expense comprises current tax. Current tax is charged or credited in the statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the Balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs (HMRC) or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each Balance sheet date, and the provisions are re-measured as required to reflect current information.

1.4 Provision for liabilities and charges

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

1.5 Impairment gains

A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the Statement of comprehensive income.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The following are critical accounting estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Payment Protection Insurance

At 31 December 2019 the Company has provided £269,000 (2018: £92,000) against the cost of making redress payments to customers and the related administration costs in relation to the mis-selling of Payment Protection Insurance (PPI).

As a result of the unprecedented volume of claims received in the run up to the 29 August 2019 FCA deadline for making claims, the Group and the Company are in the process of assessing the claims received. Until this process is complete, the determination of an estimate of the amount of provision, representing management's best estimate of the cost of settling, requires the application of assumptions in respect of matters that are inherently uncertain, including the number of valid complaints received and the average cost of redress. Whilst these assumptions are subject to regular review against actual experience, it is possible that the claims against the Company that are yet to be assessed, will result in future costs which differ from those calculated using assumptions in order to derive management's best estimate.

3. Impairment gains

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
31 December 2019				
Other changes in credit quality	-	-	23	23
Other items	-	-	(2)	(2)
	-	-	21	21
In respect of:				
Loans and advances to customers	-	-	21	21
31 December 2018				
Other changes in credit quality	-	-	12	12
Other items	-	-	(1)	(1)
	-	-	11	11
In respect of:				
Loans and advances to customers	-	-	11	11

4. Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £5,000 have been borne by a fellow group company and are not recharged to the Company (2018: audit fee of £7,000 was recharged to the Company). Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

5. Staff costs

The Company did not have any employees during the year (2018: none).

6. Directors' emoluments

No director received any fees or emoluments from the Company during the year (2018: £nil). The directors are employed by other companies within the Group or companies controlled by MCL Group Limited and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 12).

Notes to the financial statements (continued)

For the year ended 31 December 2019

7. Taxation

	2019 £'000	2018 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	-	-

Corporation tax is calculated at a rate of 19.00% (2018: 19.00%) of the taxable profit for the year.

b) Factors affecting the tax charge for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the (loss)/profit before tax to the actual tax charge for the year is given below.

	2019 £'000	2018 £'000
(Loss)/profit before tax	(330)	27
Tax (credit)/charge thereon at UK corporation tax rate of 19.00% (2018: 19.00%)	(63)	5
Factors affecting (credit)/charge:		
- Disallowed and non-taxable items	63	(5)
Tax charge on (loss)/profit on ordinary activities	-	-
Effective rate	0.00%	0.00%

8. Trade and other receivables

	2019 £'000	2018 £'000
Amounts due from group undertakings (see note 12)	142	295
Other assets	-	8
	142	303

Amounts due from group undertakings is unsecured, non-interest bearing and repayable on demand. All Amounts due from group undertakings are included within stage 1 for IFRS 9 purposes. The ECL is negligible.

At 31 December 2019, the Company holds an asset of £nil (2018: £8,000) in respect of indemnities from Black Horse Limited in relation to a specific provision (see note 10).

9. Deferred tax asset

A deferred tax asset of £61,000 (2018: £5,000) relating to miscellaneous losses has not been recognised on the basis that the Company has insufficient forecast taxable profits to recover the asset in future periods. Subject to some conditions the losses can be carried forward indefinitely and offset against future taxable profits.

The Finance Act 2016 reduced the main rate of corporation tax to 17% with effect from 1 April 2020. Within the March 2020 budget, the UK government stated its intention to maintain the corporation tax rate at 19% on 1 April 2020. This intention to maintain the corporation tax rate was enacted under the Provisional Collection of Taxes Act 1968 on 17 March 2020. Had this rate change been substantively enacted at 31 December 2019, the effect would have been to increase net deferred tax assets by £7,000.

Notes to the financial statements (continued)

For the year ended 31 December 2019

10. Provision for liabilities and charges

	Other provision	PPI provision	Total
	£'000	£'000	£'000
At 1 January 2018	16	130	146
Credit for the year	-	(23)	(23)
Derecognised in the year	(8)	-	(8)
Utilised during the year	-	(15)	(15)
At 31 December 2018	8	92	100
Charge for the year	-	351	351
Derecognised in the year	(4)	-	(4)
Utilised during the year	(4)	(174)	(178)
At 31 December 2019	-	269	269

As described in notes 2 and 15, an assessment has been made of the potential future transfer of economic benefits from claims made against the Company in relation to PPI.

During 2017, the Company undertook an exercise relating to potential retrospective rectification activity to provide redress to affected customers in relation to arrears management. The Company has provided for £nil (2018: £8,000) relating to these redress claims. Black Horse Limited will indemnify the Company against all actions arising from this issue (see note 8).

11. Share capital

	2019 £'000	2018 £'000
Allotted, issued and fully paid		
4,999 (2018: 4,999) A ordinary shares of £1 each	5	5
5,001 (2018: 5,001) B ordinary shares of £1 each	5	5
	10	10

The "A" ordinary shares rank pari passu with the "B" ordinary shares in terms of voting, dividends and rights upon winding up. The "A" ordinary shares are held by MCL Group Limited, the "B" ordinary shares are held by Black Horse Group Limited.

12. Related party transactions

The Company is controlled by the Retail Finance Division of the Group. The Company is funded by other Group companies. A summary of the outstanding balances at the year end are set out below.

	2019 £'000	2018 £'000
Amounts due from group undertakings		
Black Horse Limited (see note 8)	142	295

The above balances are unsecured in nature and are expected to be settled in cash or by cash equivalents. Transactions in the year are those reflected through the Statement of comprehensive income.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management comprises the directors of the Company, the directors of the Retail Division and the members of the Lloyds Banking Group plc board. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group or the MCL Group Limited and consider that their services to the Company are incidental to their other activities within those groups.

Notes to the financial statements (continued)

For the year ended 31 December 2019

13. Financial risk management

The Company's operations do not expose it to any significant credit risk, liquidity risk, interest rate risk, business risk, market risk nor foreign exchange risk. Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by the Retail Division, and the ultimate parent, Lloyds Banking Group plc.

A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.

13.1 Financial strategy

The Company does not trade in financial instruments, nor does it use derivatives.

13.2 Fair values of financial assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and the fair value.

14. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholders through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

15. Contingent liabilities and capital commitments

There were no contracted capital commitments at the Balance sheet date (2018: £nil).

The financial statements for the year ended 31 December 2018 were approved after the FCA deadline of 29 August 2019 for customers to make claims in relation to the mis-selling of PPI. As a result of the unprecedented volume of potential claims received by the Group during August 2019, the requirement for the evaluation of individual claims in order to form a reliable estimate of the exposure and the limited time available prior to the approval of the 2018 financial statements, the directors concluded that it was not possible to determine a reliable estimate in respect of these claims for the purposes of the 2018 financial statements.

The directors are satisfied that sufficient evaluation of the claims received has now been performed in order to calculate a reliable estimate of the Company's exposure (see note 10).

16. Post balance sheet events

On January 30, 2020, the World Health Organisation declared Covid-19 to be a public health emergency and a pandemic on 11 March 2020. Given the circumstances and information that was available as at 31 December 2019, the resulting impact of Covid-19 has been assessed by the directors to be a non-adjusting post balance sheet event. The directors have considered the actual and potential impacts of Covid-19 and the UK government's responses to the pandemic on the activities of the Company and concluded that there will be no significant impact for the Company.

Notes to the financial statements (continued)

For the year ended 31 December 2019

17. Future developments

The following pronouncement will be relevant to the Company but was not effective at 31 December 2019 and has not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
Minor amendments to other accounting standards	The IASB has issued a number of minor amendments to IFRSs (including IFRS 3 Business Combinations and IAS 1 Presentation of Financial Statements).	Annual periods beginning on or after 1 January 2020

The full impact of this pronouncement is being assessed by the Company. However, the initial view is that this is not expected to cause any adjustments to the reported numbers in the financial statements.

18. Ultimate parent undertaking and controlling party

The immediate parent company is Black Horse Group Limited (incorporated in England and Wales). The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Lloyds Bank plc is the parent undertaking of the smallest such group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via www.lloydsbankinggroup.com.

Independent Auditors' report to the members of A G Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion, A G Finance Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Statement of comprehensive income, the Cash flow statement and the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on these responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Independent Auditors' report to the members of A G Finance Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

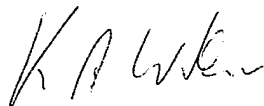
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

20 August 2020