together.®
Common sense lending

Spot Finance Limited
Annual Report and Financial Statements

For the year ended 30 June 2020

Company Registration No. 01998543

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Officers and professional advisers

Directors

PS Ball	
R Baxter*	(Resigned 30 September 2019)
GD Beckett*	
EA Blythe*	(Appointed 2 September 2019)
W Bowser*	(Resigned 24 September 2019)
RJ Gregory*	
JE Hooper*	(Appointed 2 January 2020)
PA Wilson	

* Non-Executives

Secretary

SE Batt

Registered office

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

Auditor

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3DF

Strategic report

The directors present their annual report and the audited financial statements for the year ended 30 June 2020.

Business review

Business model and strategy

The principal activity of Spot Finance Limited ('the Company') is a motor finance lender. The company is no longer advancing new loans and is now limited to the servicing and collection of the remaining loan book. The Company undertook a motor finance pilot project, but all new lending ceased in the year ended 30 June 2017 and no new lending is intended. The Company services all its loans in house and all operations are located at its head office. However, as explained in Note 2, it is expected that the trade of the Company will cease during the next 12 months from the date of approval of the financial statements, with no intention to recommence trading. Therefore the financial statements have been prepared on a basis other than that of a going concern.

The Company is a wholly-owned subsidiary of Blemain Finance Limited, which in turn is a wholly-owned subsidiary of Together Financial Services Limited which, with its subsidiaries, operates as the Together Group ('the Group') of businesses.

Covid-19 and the macroeconomic environment

The Company is impacted by general business and economic conditions in the United Kingdom. The emergence of Covid-19 as a global pandemic has led to significant disruption to the world economy and there is little certainty in the economic outlook. The UK, in common with other countries around the world, has fallen into a severe recession, GDP at the end of June 2020 has fallen 22% from its pre-pandemic level, although the easing of lockdown restrictions has already resulted in signs of recovery, but with the emergence of a second wave, the economic outlook is uncertain.

The Company's response to the pandemic was to focus on: supporting our customers, including those requesting a loan-payment deferral or other support; protecting our colleagues; and safeguarding the financial resilience of the business. The Company's approach to managing risks is explained in the Principal risks and uncertainties section below.

Results

As shown in the Company's statement of comprehensive income on page 12, loss after tax is £90,100 (2019: £47,700), which is a reflection of the reduction in loans and advances to customers as described below, leading to lower income earned, and that the Company continues to pay certain interest costs and administrative expenses.

Position

As shown in the statement of financial position on page 13, loans and advances to customers have decreased to £nil (30 June 2019: £151,000) because no new loans are being originated within the Company and the existing loan book is fully impaired.

The Company has received a capital contribution of £50,000 (30 June 2019: £300,000) from its parent company during the year resulting in total net assets of £36,800 at 30 June 2020 (30 June 2019: net assets of £76,900).

Funding activity

The Company is financed by its parent company, Blemain Finance Limited, and indirectly financed by Together Financial Services Limited, the parent company of Blemain Finance Limited.

Detail on the management of liquidity and funding risk is discussed in Principal risks and uncertainties section on page 5 and further detail on the going concern assessment is set out in Note 2 to the financial statements.

Regulatory and legal considerations

The Company's operations are affected by a number of laws and regulations. The Company is regulated by the Financial Conduct Authority (FCA). The Company also has to comply with the relevant UK and EU regulations, including anti-money laundering regulations, and the EU General Data Protection Regulation.

This year the Company has implemented the FCA's Senior Managers and Certification Regime (SM&CR). The FCA has also consulted on extending SM&CR implementation deadlines for solo-regulated firms, on certain requirements, including: the date the conduct rules come into force; the deadline for submission of information about directory persons to the register; and extending the deadline for assessing Certified Persons as fit and proper from December 2020 to March 2021.

The Company will continue to monitor proposed changes to the FCA regulatory agenda and landscape for emerging themes and to consider changes in regulation and guidance, to assess the potential impact of any changes and to allow for any impact on the Company's business model to be identified, and also for policies to be adapted accordingly.

Section 172 Statement

Section 172 of the Companies Act 2006 describes and defines the legal requirement for a director to promote the success of the company. A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. Section 172 (s.172) requires that directors, in doing so, have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term
b) the interests of the company's employees
c) the need to foster the company's business relationships with suppliers, customers and others
d) the impact of the company's operations on the community and the environment
e) the desirability of the company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly between members of the company

The table below sets out how the Board has complied with s.172. Many of the requirements are integral to the way that the Company operates within the Together Personal Finance (TPF) division, which comprises the Company, Blemain Finance Limited, and Together Personal Finance Limited and is led by the TPF Board ('the Board'). The Company's Board meets separately to discharge its statutory and regulatory responsibilities when required.

Where appropriate, references have been added where more information can be found, to other sections of this annual report and to the report of the parent company Blemain Finance Limited (BFL), which does not form part of this report.

S.172 requirement to have regard to:	**How the Board has fulfilled its s172 duties**
(a) the likely consequences of any decision in the long term	• The Board meets regularly to consider operational and financial performance and key internal developments, and to make principal decisions in the context of the short and medium-term objectives in place to protect the strategic objective of the Company. • The overall flexibility of the TPF governance framework has been evidenced in the ability of the business to promptly enhance its governance arrangements to appropriately respond to the significant changes to the economic environment, market conditions, and the needs of our customers and colleagues as a result of the Covid-19 pandemic. Enhancements allowed for quick decision making in response to immediate circumstances to safeguard operational processes for our customers and ensure the safety of our colleagues. • Information on the governance framework and how it facilitates efficient decision making, can be found in the BFL Annual Report. • Further information on principal decisions made by the Board during the year can be found in the BFL Annual Report. • During the year, the Board approved a proposal to close the Company's operations having reviewed the customer, conduct and regulatory implications associated with the closure. • The Board has approved the non-going concern basis of preparation for the accounts. The basis of Going Concern can be found in the Directors' Report and further detail in Note 2 to the financial statements.
(b) the interests of the company's employees	• The Board provides oversight of colleague engagement and other employment matters for the TPF division within the parameters of the Group. All of the Group's colleagues are employed by a fellow Group company Blemain Finance Limited. • Colleague feedback is taken via quarterly employee engagement surveys with colleague engagement scores regularly reported to the Board. The output of the wellbeing surveys circulated to colleagues during the Covid-19 pandemic surveys was reported to the Board to inform discussions on safe and effective ways of working. • Following the lifting of government lockdown restrictions, work was carried out to ensure that, where appropriate, colleagues could begin returning to the office. This activity was overseen by the Board to provide assurance that the working environment was safe for colleagues. • Information on the furloughing of colleagues under the government's job retention scheme and the enhanced payments made to colleagues during this time can be found in the BFL Annual Report. • Our colleague reward schemes recognise achievement and performance, this includes a Group Shared Reward Scheme which encourages colleague retention through the provision of a longer term incentive horizon. More information on the Board's approach to remuneration can be found within the BFL Annual Report.
(c) the need to foster the company's business relationships with suppliers, customers and others	• Doing the right thing for our customers is a key focus for the business. Information on how we engage with our customers, including how we met customer requirements during the Covid-19 pandemic can be found in our BFL Annual Report. • The Company is dependent on key services from the Group. As part of preparations for the introduction of SM&CR, service level agreements were put in place for the provision of those services. The agreements had input from external legal counsel and were approved by the

	Board; they are reviewed on a 6 monthly basis with ongoing monitoring by business departments.
(d) the impact of the company's operations on the community and the environment	• Support for charities and community projects continues via our colleague led initiative "Let's Make It Count". More information on "Let's Make It Count" can be found in the BFL Annual Report.
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and	• The Board establishes the conduct, values, and ethics of the Company and fully endorses the beliefs of the Group which underpin its vision to put common sense into lending. Information on the Company's culture can be found in the BFL Annual Report. • The Company has a Board and management team which is committed to high standards of business conduct through clear and aligned goals and the appointment and retention of colleagues with the right skills and experience. • The Company follows an established process for communicating proactively with the FCA where appropriate. Information on our engagement with the FCA can be found in the BFL Annual Report. • The Board and its committees approve policies and procedures that facilitate high standards of governance and compliance in line with best practice and regulatory expectations. Policies are set within the parameters of the Group to ensure standards are maintained within all business operations. • More information on the governance of the roll out of SM&CR and how the Board discharged their duty to ensure regulatory compliance, can be found in the BFL Annual Report.
(f) the need to act fairly between members of the company	• Governance arrangements are regularly reviewed to ensure they continue to meet the standards expected within a regulated financial-services organisation. • The Chair meets regularly with the Group's shareholder and regularly provides feedback to the Board on discussions. • Information on how we engage with our Group shareholder can be found in the BFL Annual Report.

Corporate governance

The Company is a wholly owned subsidiary of Blemain Finance Limited. The Company is authorised and regulated by the Financial Conduct Authority (FCA).

Together Personal Finance, comprises Together Personal Finance Limited, Blemain Finance Limited and Spot Finance Limited. The Board of Together Personal Finance ('the Board') meets a minimum of 6 times a year to provide leadership and oversight to the Company in line with its terms of reference, legal and regulatory provisions. The Board delegates certain responsibilities to its Board sub-committees and to senior management as appropriate. The Company's Board meets separately to discharge its statutory and regulatory responsibilities when required.

Principal risks and uncertainties

Credit risk

Credit risk is the risk arising as result of default by customers or counterparties due to failure to honour obligations when they fall due. The Company is exposed to changes in the financial position of its customers, which may adversely impact their ability to make loan repayments. The level of this risk is driven both by macroeconomic factors and by factors relating to specific customers such as a change in the borrower's circumstances.

Credit risk is managed and mitigated by:

- Monitoring of customer performance throughout the life of the loan, with regard to arrears, and
- Proactive collections strategies and the application of forbearance measures

Note 9 to the financial statements provides further detail on loans and advances.

Principal risks and uncertainties (continued)

Liquidity and funding risk

Liquidity risk is the risk that the Group is unable to access sufficiently liquid financial resources to meet the Company's financial obligations as they fall due.

Funding risk is the risk of being unable to access funding markets or to only be able to do so at excessive cost. This includes the risk of reduced funding options due to adverse conditions in the wholesale funding market, potentially caused by political and economic uncertainty leading to the inability to secure additional funding for new business, or refinance existing facilities.

Liquidity and funding risk is managed and mitigated at a Group level by: monitoring the liquidity position against limits and triggers, utilising a range of funding sources, forecasting the liquidity and funding position under normal and stressed conditions and reporting against risk appetite. Surplus cash balances are placed on overnight deposit with institutions with sufficiently high long-term and short-term ratings.

Market risk

Market risk is the risk arising from adverse movements in market values, including movements in interest rates.

The Company does not carry out proprietary trading or hold positions in assets or equities which are actively traded, and the key market risk faced by the Group is interest rate risk, the risk of loss through mismatched asset and liability positions sensitive to changes in interest rates.

Interest rate risk is managed and mitigated at a Group level by: monitoring interest rate risk exposures, including a forward-looking view under normal and stressed conditions, and reporting against risk appetite.

The Company's performance is not considered at material risk from changes in interest rates that are reasonably expected for the remaining period until the entity intends to cease trading during the next 12 months from the approval of the financial statements.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk is managed and mitigated for the Group and Company by:

- A framework of systems, controls, policies and procedures.
- Frameworks to recruit, train and retain sufficient skilled personnel.
- Utilising a Risk and Control Self-Assessment approach to identify, manage and monitor key operational risks, including cyber risk prevention systems.
- A documented and tested business continuity plan.
- A specialist business change team dedicated to managing the change projects the business is undertaking.
- Maintaining IT infrastructure, which is sufficiently resilient.

Conduct and compliance risk

Conduct risk is the risk arising from business activities that fail to deliver appropriate and consistent outcomes for customers and stakeholders. Compliance risk is the risk arising from the failure to comply with existing or new legislation, or regulations in the markets within which the Company operates.

Conduct and compliance risk is managed and mitigated for the Group and Company by:

- The communication of the Group's 'beliefs' set by the Board, which define our organisational culture and focuses on colleague conduct, respect, accountability and customer experience.
- Quality assurance reviews in operational areas supported by experienced risk and compliance departments.
- Annual training and awareness sessions for colleagues, for example, training to identify factors which may indicate that a customer is vulnerable.
- Adherence to a system of processes and controls which mitigate conduct risk, including monitoring and reporting against risk appetite.
- Root cause analysis focusing on continuous improvement aiming to identify where we could improve the outcome for customers.
- Horizon scanning and impact assessments of potential regulatory and legal change.

As a result of undertaking internal reviews instances were identified where annual statements were not produced for certain customers. Further disclosures in respect of this can be found in Note 12 to the financial statements.

Approved on behalf of the Directors
and signed on behalf of the Board:

PA Wilson
Finance Director
21 October 2020

Directors' report

The directors present their report for the year ended 30 June 2020. Certain information required to be included in a directors' report can be found in the other sections of the annual report, as referenced below and in each of the sections that follow. All of the information presented in these sections is incorporated by reference into this Directors' report and is deemed to form part of this report.

- The Company's strategy, business model and likely future developments can be found within the Strategic report.

- The Company's principal risks and risk management processes are set out in the Strategic report.

- The Group's governance arrangements can be found within the Strategic report.

Directors' indemnities

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

Results and dividends

The results for the year are set out in the Business Review within the Strategic Report. There was no dividend paid during the year (2019: £nil). The directors of the Company do not recommend the payment of a dividend.

Employees

The Company has no employees (2019: nil). Directors' emoluments, wages and salaries are borne by the parent company, Blemain Finance Limited, and recharged to the Company in line with approved methodologies. References to employees or colleagues within this report refers to employees of Blemain Finance Limited.

Environment

As the Company operates in the financial services sector, its actions do not have a significant environmental impact. However, the Company does recognise the importance of the environment, and acts to minimise its impact on the environment wherever it can, including recycling and reducing energy consumption.

Statement of going concern

As set out in the statement of directors' responsibilities, the directors are required to prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The Company has cash of £62,400 (2019: £321,100) and net assets of £36,800 (2019: £76,900) and has received capital contributions from its parent Company of £50,000 during the year (2019: £300,000), and therefore is solvent and has cash resources due to the support of its parent company. However, as explained in Note 2, it expected that the trade of the Company will cease during the next 12 months from the approval of the financial statements, with no intention to recommence trading. Therefore the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company is contained in the Strategic report.

Audit information

The directors, having considered the requirements for rotation of auditors, voluntarily tendered the audit. After a competitive tender, Ernst & Young LLP was appointed as the Group's auditors for the year ended 30 June 2020.

In the case of each of the persons who is a director of the Company at the date when this report is approved:

- As far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

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

Approved by the Board of Directors
and signed on behalf of the Board:

PA Wilson
Finance Director
21 October 2020

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 *Reduced Disclosure Framework*. 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business.
- For the reasons stated in the Directors' report and note 2, the financial statements of the Company have been prepared on a basis other than going concern.

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 Spot Finance Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Spot Finance Limited for the year ended 30 June 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We draw attention to note 2 to the financial statements, which explains that the directors intend to cease the trade of the company in the next 12 months from the approval of the financial statements and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than of a going concern as described in note 2. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report on the audit of the financial statements (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

DocuSigned by:
Stephen Littler
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Stephen Littler (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester
21 October 2020

Statement of comprehensive income
Year ended 30 June 2020

Unless otherwise indicated, all amounts are stated in £000.

Income statement	Note	2020	2019
Interest receivable and similar income	4	2.1	27.1
Interest payable and similar charges	5	(12.9)	(31.1)
Net interest expense		**(10.8)**	**(4.0)**
Fee and commission income	6	-	0.8
Net operating expense		**(10.8)**	**(3.2)**
Administrative expenses	7	(63.1)	(15.3)
Operating loss		**(73.9)**	**(18.5)**
Impairment losses	9	(16.2)	(27.4)
Loss before taxation		**(90.1)**	**(45.9)**
Income tax credit	8	-	(1.8)
Loss after taxation		**(90.1)**	**(47.7)**

The results for the current and preceding year relate entirely to discontinued operations. There is no other comprehensive income in either year.

Statement of financial position

As at 30 June 2020

Unless otherwise indicated, all amounts are stated in £000.

	Note	2020	2019
Assets			
Cash and cash equivalents		62.4	321.1
Loans and advances to customers	9	-	151.0
Other assets	10	0.3	0.4
Deferred tax asset	11	18.0	18.0
Total assets		**80.7**	**490.5**
Liabilities			
Provisions for liabilities and charges	12	7.2	-
Other liabilities	13	36.7	413.6
Total liabilities		**43.9**	**413.6**
Equity			
Share capital	14	0.1	0.1
Retained earnings		36.7	76.8
Total equity		**36.8**	**76.9**
Total equity and liabilities		**80.7**	**490.5**

These financial statements were approved and authorised for issue by the Board of Directors on 21 October 2020.

Company Registration No. 01998543

Signed on behalf of the Board of Directors

PS Ball
Director

PA Wilson
Director

Statement of changes in equity
Year ended 30 June 2020
Unless otherwise indicated, all amounts are stated in £000.

2020	Share capital	Retained earnings	Total
At beginning of the year	0.1	76.8	76.9
Capital contribution*	-	50.0	50.0
Retained loss for the year	-	(90.1)	(90.1)
At end of the year	**0.1**	**36.7**	**36.8**

2019	Share capital	Retained earnings	Total
At beginning of the year	0.1	(50.7)	(50.6)
Changes on initial application of IFRS 9	-	(124.8)	(124.8)
Restated balances at the beginning of the year	**0.1**	**(175.5)**	**(175.4)**
Capital contribution*	-	300.0	300.0
Retained loss for the year	-	(47.7)	(47.7)
At end of the year	**0.1**	**76.8**	**76.9**

* During the year the parent company made a capital contribution of £50,000 (2019: £300,000) to the company by forgiving a portion of amounts owed to the Company.

1. Reporting entity and general information

Spot Finance Limited is incorporated and domiciled in the UK. The Company is a private company, limited by shares, and registered in England (Company number: 01998543). The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The Company is a regulated specialist lender.

2. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101). This applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) but provides certain exemptions from the disclosure requirements of IFRS.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the individual accounting policies and in Note 3.

The Company's indirect parent undertaking, Together Financial Services Limited, includes the Company in its consolidated financial statements, and therefore the Company is exempt from the obligation to prepare and deliver consolidated accounts. The consolidated financial statements of Together Financial Services Limited are available to the public and may be obtained from Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. In these financial statements, the Company has taken advantage of the disclosure exemptions under FRS 101 in relation to the presentation of comparative information in respect of certain assets, a cash flow statement, disclosures in respect of IFRS 7 and IFRS 13, standards not yet effective and related party transactions.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Presentation of risk disclosures

Disclosures under IFRS 7 *Financial Instruments: Disclosures* concerning the nature and extent of principal risks have been presented within the Strategic Report.

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The Company has cash of £62,400 (2019: £321,100) and net assets of £36,800 (2019: £76,900) and has received capital contributions from its parent Company of £50,000 during the year (2019: £300,000), and therefore is solvent and has cash resources due to the support of its parent company. However, it expected that the trade of the Company will cease during the next 12 months from the approval of the financial statements, with no intention to recommence trading. Due to the likely cessation in trade in the next 12 months from the approval of the financial statements, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting period.

2. Significant accounting policies (continued)

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

Fee and commission income

Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recognised as an adjustment to the contractual interest rate and recorded in interest income.

Fees and commissions which are not considered integral to the effective interest rate are generally recognised on an accruals basis when the service has been provided.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. As deferred tax assets can be group relieved it is still deemed recoverable.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including short-term highly liquid debt securities.

2. Significant accounting policies (continued)

Financial assets & liabilities

Financial assets

All of the Company's financial assets are initially recognised at fair value plus any directly attributable transactions costs.

All of the Company's financial assets are classified as measured at amortised cost, being the gross carrying amount less expected impairment allowance, using the effective interest rate method, as they meet both of the following conditions:

- The assets are held within a business model whose objective is to hold the assets to collect contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows at specified dates that are solely payments of principal and interest on the principal amounts outstanding.

The Company's business model for its financial assets is to hold them to collect contractual cash flows. Cash and cash equivalents also meet these conditions and accordingly management has classified all of the Company's financial assets as measured at amortised cost.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. The Company then assesses whether the new terms are substantially different from the original ones. If the terms of an asset are substantially different, it is derecognised and a new asset recognised at its fair value using its new effective interest rate. If the terms are not substantially different, the Company recalculates the gross carrying amount using the original effective interest rate and recognises a modification gain or loss in the income statement. Such modifications typically arise from forbearance because of financial difficulties of the borrower, with allowance already made for impairment. Any modification gain or loss is included in interest income. A modified loan's credit risk is assessed to see if it remains higher than on initial recognition for the purposes of calculating expected credit losses.

Financial liabilities

The Company's financial liabilities, which largely consist of borrowings, are all classified as measured at amortised cost for both the current and prior period. All of the Company's financial liabilities are recognised initially at fair value, less any directly attributable transaction costs.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired. An exchange of financial liabilities with substantially different terms or a substantial modification to the terms of an existing financial liability is treated as an extinguishment of the original liability and the recognition of a new one. It is assumed that terms are substantially different if the discounted present value of the cash flows under the new terms is at least 10% different from the discounted present value of the remaining cash flows of the original liability. All gains or losses on non-substantial modifications, calculated as a change in the net present value of future cash flows, are recognised immediately in the income statement. The Company may also consider qualitative factors in determining whether a modification is substantial.

Impairment of financial instruments

The Company recognises loss allowances for Expected Credit Losses (ECL) on loans and advances to customers. ECLs are a probability-weighted estimate of the present value of credit losses discounted over the expected life of an instrument at its original effective interest rate (EIR). Credit losses for financial assets are the difference between the contractual cash flows and the cash flows expected to be received.

The Company considers whether financial assets are credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on its estimated future cash flows have occurred. Evidence of credit impairment includes:

- Significant financial difficulty of the borrower
- Breach of contract such as default, or becoming past due
- The granting of concessions to the borrower that the Company would not otherwise consider
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

2. Significant accounting policies (continued)

Impairment of financial instruments (continued)

For financial instruments on which credit risk has not increased significantly since initial recognition, the Company measures loss allowances at an amount equal to the 12-month ECL, i.e. the portion of lifetime ECL of those default events expected to arise within 12 months of the reporting date, weighted by probability of that event occurring. For all other financial instruments loss allowances are measured at an amount equal to the full lifetime ECL, i.e. the lifetime ECL arising from all default events that may occur over the life of the instrument, probability weighted. The latter category of instruments includes those that have objective evidence of impairment at the reporting date.

Besides instruments that become credit impaired on entering default, lifetime ECLs are also used for any that are credit impaired on origination. In the ordinary course of business the Company does not purchase or originate credit-impaired financial assets; management therefore considers any such balances to be immaterial.

If, due to the financial difficulties of the borrower, the terms of a financial asset are renegotiated or modified, or the asset is replaced with a new one, then an assessment is made of whether the asset should be derecognised. A loan to a borrower granted such concessions due to forbearance is considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In the latter case, the measurement of the loss allowance on the new asset will generally be based on a 12-month ECL.

Interest income is recognised at the effective rate on the gross carrying amount of a financial asset, i.e. before allowance for impairment, except for those assets which are credit impaired, for which interest income is recognised on the carrying amount net of the allowance for impairment.

Loans are written off when the Company expects no further recovery and the amount of the loss has been determined. The Company may continue to apply enforcement activities to loans written off and any subsequent recoveries are recognised as impairment gains in the income statement.

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of financial assets measured at amortised cost and as a provision in the case of loan commitments.

Due to the closed book and the intention to cease trading in the next 12 months from the approval of the financial statements, judgement has been applied in determining that the loan book is fully impaired.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting policies set out above, the Company makes significant estimates and assumptions that affect the reported amounts of assets and liabilities. The critical judgements which have a significant impact on the financial statements are described in the relevant Note to the financial statements. These include:

- the determination of whether credit risk has increased significantly (described in Note 9);
- establishing if a substantial modification has occurred when refinancing our borrowing facilities (described in Note 2).

No critical judgements have been identified in applying the Company's accounting policies.

Our key sources of estimation uncertainty are:

Interest income recognition

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument, including transaction costs and all other premiums or discounts but not future credit losses. Models are reviewed at least annually to assess expected behavioural lives of groups of assets based upon actual repayment profiles.

4. Interest receivable and similar income

	2020	2019
Interest on loans and advances to customers	**2.1**	**27.1**

Included within interest on loans and advances to customers is £nil (2019: £nil) relating to impaired loans.

Unless otherwise indicated, all amounts are stated in £000

5. Interest payable and similar charges

	2020	2019
On amounts due to group undertakings	**12.9**	**31.1**

6. Fee and commission income

	2020	2019
Fee income on loans and advances to customers	**-**	**0.8**

7. Administrative expenses

	2020	2019
Administrative costs	**63.1**	**15.3**

Company overheads, including directors' emoluments, wages and salaries, office administration costs, and auditor remuneration are borne by Blemain Finance Limited for the Group and are recharged to companies within the Group based on operational and financial drivers.

The audit fee borne by Blemain Finance Limited in respect of the Company in 2020 is £2,500 (2019: £2,000).

8. Income tax

	2020	2019
Current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	1.9	1.8
Effect of changes in tax rate	(1.9)	-
Total deferred tax	**-**	**1.8**
Total tax charge/(credit) on loss	**-**	**1.8**

Corporation tax is calculated at 19.00% (2019: 19.00%) of the estimated taxable loss for the year.

The differences between the Company tax charge for the year and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows:

	2020	2019
Loss before tax	(90.1)	(45.8)
Tax on loss at standard UK corporation tax rate of 19.00%	(17.1)	(8.7)
Effects of:		
Group relief surrendered*	19.0	10.5
Changes in tax rate	(1.9)	-
Tax charge/(credit) for year	**-**	**1.8**

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2018) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2017. In March 2020, the government announced that the main rate of corporation tax will remain at 19%, rather than reducing to 17% from 1 April 2020. The deferred tax asset at 30 June 2020 has been calculated based on these rates.

* The group referred to is the tax group headed by Redhill Famco Limited, the ultimate parent of the Company, as described in Note 16.

Unless otherwise indicated, all amounts are stated in £000

9. Loans and advances to customers

	30 June 2020			
	Stage 1 IFRS 9	Stage 2 IFRS 9	Stage 3 IFRS 9	Total IFRS 9
Gross loans and advances	-	-	175.6	175.6
Loss allowance	-	-	(175.6)	(175.6)
	-	**-**	**(0.0)**	**(0.0)**

	30 June 2019			
	Stage 1 IFRS 9	Stage 2 IFRS 9	Stage 3 IFRS 9	Total IFRS 9
Gross loans and advances	148.0	7.4	158.0	313.4
Loss allowance	(6.9)	(1.9)	(153.6)	(162.4)
	141.1	**5.5**	**4.4**	**151.0**

Measurement of expected credit losses (ECLs)

ECL model

The Company considers whether financial assets are credit impaired at each reporting date. For these purposes, it considers default to occur, and such loans are considered to be credit impaired, in any of the following circumstances relating to a loan:
- It becomes 90 days or more past due
- Breach of contract such as default, or becoming past due, and
- There is evidence of fraud

The Company calculates its ECL using a statistical model based on probability of default (PD) and loss given default (LGD) which is applied to each loan balance.

- PD is an estimate of the likelihood of default over a given time horizon, estimated at a point in time for both the base case and downside scenarios. Lifetime PDs range from 7% to 100% in the base case and from 14% to 100% in the downside scenario.
- LGD is an estimate of the likely loss in the event of a default. An LGD of 100% is applied to all loans in arrears of six months or more, with an LGD of 50% applied to all other loans.

In accordance with IFRS 9, the Company uses a three-stage model for impairment based on changes in credit quality since initial recognition:

- A financial instrument not credit-impaired on initial recognition is classified in stage 1. The loss allowance for such instruments is calculated as the portion of lifetime ECL of those default events expected to occur within 12 months of the reporting date, weighted by the probability of that default occurring.
- An instrument moves to stage 2 if there is an increase in its credit risk that is significant but not such that the instrument is considered credit impaired. The loss allowance for stage 2 instruments is calculated as the lifetime ECL. The determination of significant increases in credit risk is explained further, later in this section.
- Stage 3 instruments are credit impaired and the loss allowance calculated as the lifetime ECL.

Improvements in credit quality may result in instruments moving categorisation, from stage 3 to stage 2 where they are no longer considered credit impaired or to stage 1 where the credit risk is no longer significantly increased compared with initial recognition. Such transitions occur only after the completion of probationary periods.

Significant increases in credit risk, forbearance and contract modifications

The Company monitors all financial instruments that are subject to credit risk to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase then the Company measures the loss allowance based on a lifetime rather than a 12-month ECL.

The Company uses qualitative and quantitative criteria, including:

- A loan becoming 30 days or more past due,
- Certain qualitative indicators, such as those used in the servicing of the loan which indicate increased credit risk, and
- There is an increase in the lifetime PD of the loan since origination which is judged to be significant.

The Company offers forbearance to assist customers who are experiencing financial distress and considers an account as forborne at the time a customer in financial difficulty is granted a concession. For accounting purposes, any gains or losses arising upon granting forbearance are usually not material because losses are already included in ECLs. Subsequently, the Company may determine after a probationary period that a restructuring has significantly improved credit risk such that the asset is moved back to stage 1.

Unless otherwise indicated, all amounts are stated in £000

9. Loans and advances to customers (continued)

Loss allowance and impairment losses for the year

A loss allowance is derived from the application of the accounting policies for measurement of ECL as explained in Note 2. The loss allowance has increased by £13,300 to £175,700 (2019: £162,400).

Allowance for impairment losses	2020	2019
At beginning of the year	(162.4)	(173.4)
Charges to the income statement	(15.5)	(3.3)
Write-offs net of recoveries	2.2	14.3
At end of year	**(175.7)**	**(162.4)**

Impairment losses for the year	2020	2019
Movements in ECL, charged to income	(15.5)	(3.3)
Write-offs net of recoveries	(0.7)	(24.1)
Charge to income statement	**(16.2)**	**(27.4)**

10. Other Assets

	2020	2019
Amounts owed by Group undertakings	0.3	0.4
	0.3	**0.4**

11. Deferred tax asset

	2020	2019
At beginning of the year	18.0	(6.4)
IFRS 9 transition adjustment	-	26.2
Charge to the income statement	(1.9)	(1.8)
Effect of tax rate	1.9	-
	18.0	**18.0**

The deferred tax liability consisted of short-term timing differences in both 2020 and 2019.

12. Provisions and contingent liabilities

2020	Customer provisions	Total
At beginning of the year	-	-
Charge/(release) for period	7.2	7.2
At end of year	**7.2**	**7.2**

As a result of undertaking internal reviews instances were identified where annual statements were not produced for certain customers. In the instances where this occurred, interest and charges for the period of the missing statements have been provided for.

13. Other liabilities

	2020	2019
Amounts owed to group undertakings	17.3	394.6
Other creditors	19.4	19.0
	36.7	**413.6**

Amounts owed to Group undertakings are repayable on demand. Other creditors are payable within one year.

Unless otherwise indicated, all amounts are stated in £000

14. Share capital

All amounts are stated in pounds.

Authorised, called-up, allotted and fully paid	2020	2019
100 ordinary shares of £1 each	**100**	**100**

15. Contingent liabilities

As at 30 June 2020, the Company's assets, along with those of the Together Group were subject to a fixed and floating charge in respect of £785.0m senior secured notes (30 June 2019: £725.0m) and £10.0m in respect of bank borrowings (30 June 2019: £55.0m).

16. Ultimate parent company

The Company is a subsidiary undertaking of Blemain Finance Limited, which is a subsidiary undertaking of Together Financial Services Limited, both of which are companies incorporated in Great Britain and registered in England and Wales.

The smallest group of which the Company is a member, and for which group financial statements are drawn up, is that headed by Together Financial Services Limited. The largest group of which the Company is a member, and for which group financial statements will be drawn up, is that headed by Redhill Famco Limited. The principal place of business for Together Financial Services and Redhill Famco Limited, is Lake View, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GW. Together Financial Services Limited and Redhill Famco Limited are both privately owned and limited by shares.