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Common sense lending

Spot Finance Limited
Annual Report and Financial Statements

For the year ended 30 June 2022

Company Registration No. 01998543

Spot Finance Limited
Annual report and financial statements for the year ended 30 June 2022

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Officers and professional advisers

Directors

PS Ball
GD Beckett*
EA Blythe*
RJ Gregory*
JE Hooper*
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 2022.

Business review

Business model and strategy

The principal activity of Spot Finance Limited ('the Company') is a motor finance lender. The Company ceased all new lending in the year ended 30 June 2017, and the residual loan book was written off during the year. 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 the intention to liquidate the Company. 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.

Results

As shown in the Company's statement of comprehensive income, loss after tax is £26,200 (2021: £52,900), relating entirely to discontinued operations. The loss is attributable to the fact the Company continued to pay certain interest costs and administrative expenses.

Interest receivable and similar income has reduced to £nil during the year, from £3,700 in the prior year due to the loan book being fully written off during the year.

Administrative costs have reduced by 56% to £29,200 as at 30 June 2022, from £66,700 in the prior year, as the Company actively reduced overhead costs, including use of 3rd party operational systems, as part of the ceasing of trade.

Position

As shown in the statement of financial position on page 10, loans and advances to customers have continued to be £nil (30 June 2021: £nil) as the Company ceased all new lending in the year ended 30 June 2017 and the residual loan book was written off during the year.

During the prior year, the Company received a capital contribution of £55,000 from its parent company, resulting in net assets of £38,900. There was no capital contribution during the year to 30 June 2022, with net assets at the year end of £12,700.

Regulatory and legal considerations

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

The Company will apply for the removal of FCA authorisation during the current year as part of the intention to liquidate.

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).

The Together Personal Finance Board is a board of directors of the Together Personal Finance (TPF) division comprising Together Personal Finance Limited, Blemain Finance Limited and Spot Finance Limited. All Companies within the division have common directors. The Board meets a minimum of six times during the year. The Board sets TPF's strategic objectives, establishes its purpose and beliefs, and promotes the cultural tone from the top. The Board discharges some of its responsibilities directly and delegates other matters to its committee and to senior management where appropriate.

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

PA Wilson
Finance Director
22 March 2023

Directors' report

The directors present their report for the year ended 30 June 2022. 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.

Directors

The directors of the Company are set out on page 1.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors 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 (2021: £nil). The directors of the Company do not recommend the payment of a dividend.

Environment

While the Company operates in the financial services sector, which is generally considered to have relatively limited environmental impact, the Company recognises the importance of the environment, and acts to reduce its impact, by recycling and reducing energy consumption.

For further information, please see the Sustainability report within the Together Group's annual report.

Statement of going concern

As explained in Note 2, it is expected that the trade of the Company will cease, and the Company will go through a solvent liquidation, 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 as the company is not a going concern.

Directors' report (continued)

Audit information

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

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.

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
22 March 2023

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 Company 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether UK Accounting Standards, including FRS 101, 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law, and those regulations.

Independent auditor's report

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 (the 'Company') for the year ended 30 June 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 15, 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 2022 and of its loss 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. 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 and liquidate 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 contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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.

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 5, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, Financial Conduct Authority rules and regulations, and UK Tax Legislation.
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit, legal counsel, those charged with governance, and reviewing relevant committee minutes and board reports. We enquired as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud.

Independent auditor's report (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquires of management and internal audit for their awareness of any known instances of non-compliance or suspected non-compliance with laws and regulations, reviewing key policies and correspondence exchanged with regulators. We performed journal entry testing, with a focus on post-closing adjustments and those considered to be at a heightened risk of fraud based on our understanding of the business and incorporated unpredictability into the nature, timing, and extent of our testing.

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.

Ernst & Young LLP

Stephen Littler (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
23 March 2023

Statement of comprehensive income
Year ended 30 June 2022

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

Income statement	Note	2022	2021
Interest receivable and similar income	4	-	3.7
Interest payable and similar charges	5	(3.1)	(6.9)
Net interest expense		**(3.1)**	**(3.2)**
Other income	6	-	7.4
Net operating expense		**(3.1)**	**4.2**
Administrative expenses	7	(29.2)	(66.7)
Operating loss		**(32.3)**	**(62.5)**
Impairment releases/(losses)	9	-	11.5
Loss before taxation		**(32.3)**	**(51.0)**
Income tax credit/(charge)	8	6.1	(1.9)
Loss after taxation		**(26.2)**	**(52.9)**

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 2022

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

	Note	2022	2021
Assets			
Cash and cash equivalents		110.5	105.0
Loans and advances to customers	9	-	-
Other assets	10	-	0.4
Deferred tax asset	11	-	16.1
Total assets		**110.5**	**121.5**
Liabilities			
Other liabilities	12	97.8	82.6
Total liabilities		**97.8**	**82.6**
Equity			
Share capital	13	0.1	0.1
Retained earnings		12.6	38.8
Total equity		**12.7**	**38.9**
Total equity and liabilities		**110.5**	**121.5**

These financial statements were approved and authorised for issue by the Board of Directors on 22 March 2023.

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 2022

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

2022	Share capital	Retained earnings	Total
At beginning of the year	0.1	38.8	38.9
Retained loss for the year	-	(26.2)	(26.2)
At end of the year	**0.1**	**12.6**	**12.7**

2021	Share capital	Retained earnings	Total
At beginning of the year	0.1	36.7	36.8
Capital contribution*	-	55.0	55.0
Retained loss for the year	-	(52.9)	(52.9)
At end of the year	**0.1**	**38.8**	**38.9**

* During the prior year, the parent company made a capital contribution of £55,000 to the Company by forgiving a portion of amounts owed by the Company.

Notes to the financial statements

Unless otherwise indicated, all amounts are stated in £000

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 on a basis other than going concern as it is 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, and the anticipation that the Company will go through a solvent liquidation. Under this basis, the assets have been measured at recoverable value and liabilities at settlement value.

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 break-up basis, given the intention to liquidate the Company in the coming year.

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.

Other income

Other income is recognised on an accruals basis, as it is earned by the Company.

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 loan book has been fully written off during the year due to the intention to cease trading and liquidate the Company within the next 12 months from the approval of the financial statements.

Financial liabilities

The Company's financial liabilities 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.

No adjustment to the above treatment has been required in order to record the Company's liabilities at settlement value.

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.

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.

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.

The loan book has been fully written off during the year due to the intention to cease trading and liquidate the Company within the next 12 months from the approval of the financial statements.

Unless otherwise indicated, all amounts are stated in £000

3. Critical accounting judgements and key sources of estimation uncertainty

No critical estimates, assumptions and judgements have been identified in applying the Company's accounting policies.

Our key source of estimation uncertainty is:

Climate-related matters

In making the judgements and estimates required for preparation of these financial statements, the Directors have had regard to the potential impacts of climate-related factors. For the current reporting period, it has been judged that no material adjustments to the judgements or methods of estimation is required to reflect the potential impacts of climate related matters, based on the information currently available to the Company.

4. Interest receivable and similar income

	2022	2021
Interest on loans and advances to customers		**3.7**

Included within interest on loans and advances to customers is £nil (2021: £3.7k) relating to impaired loans.

5. Interest payable and similar charges

	2022	2021
On amounts due to group undertakings	**3.1**	**6.9**

6. Other Income

	2022	2021
Other Income		**7.4**

7. Administrative expenses

	2022	2021
Administrative costs	**29.2**	**66.7**

Company overheads, including directors' emoluments, wages and salaries, office administration costs, and auditor remuneration were borne by the head of the TFSL Group, Together Financial Services Limited, and were recharged to companies within the Group based on operational and financial drivers. The apportionment of directors emoluments to the Company is £nil.

There was no recharge to the Company relating to the emoluments of the directors in either the current year or prior year.

The audit fee borne by Together Financial Services Limited in respect of the Company in 2022 is £14,000 (2021: £4,000).

Unless otherwise indicated, all amounts are stated in £000

8. Income tax

	2022	2021
Current tax	**22.2**	
Deferred tax		
Origination and reversal of temporary differences	(16.1)	(1.9)
Total deferred tax	**(16.1)**	**(1.9)**
Total tax credit/(charge) on loss	**6.1**	**(1.9)**

Corporation tax is calculated at 19% (2021: 19%) of the estimated taxable loss for the year.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

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:

	2022	2021
Loss before tax	(32.3)	(51.0)
Tax on loss at standard UK corporation tax rate of 19% (2021: 19%)	(6.1)	(9.7)
Effects of:		
Group relief surrendered*	-	11.6
Changes in tax rate	-	-
Tax (credit)/charge for year	**(6.1)**	**1.9**

* The group referred to is the tax group headed by Redhill Famco Limited, the ultimate parent of the Company, as described in Note 15.

Unless otherwise indicated, all amounts are stated in £000

9. Loans and advances to customers

	30 June 2022			
	Stage 1 IFRS 9	**Stage 2 IFRS 9**	**Stage 3 IFRS 9**	**Total IFRS 9**
Gross loans and advances	-	-	-	-
Loss allowance	-	-	-	-
			-	-
ECL coverage (%)	-	-	-	-

	30 June 2021			
	Stage 1 IFRS 9	**Stage 2 IFRS 9**	**Stage 3 IFRS 9**	**Total IFRS 9**
Gross loans and advances	-	-	160.1	160.1
Loss allowance	-	-	(160.1)	(160.1)
			-	-
ECL coverage (%)	-	-	100.0	**100.0**

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.

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.

The loan book has been fully written off during the year due to the intention to cease trading and liquidate the Company within the next 12 months from the approval of the financial statements.

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 decreased by £160,100 to £nil (2021: £160,100).

Allowance for impairment losses	2022	2021
At beginning of the year	(160.1)	(175.7)
Release to the income statement	-	11.5
Write-offs net of recoveries	160.1	4.1
At end of year		**(160.1)**

Impairment releases for the year	2022	2021
Movements in ECL, released to income	-	11.5
Write-offs net of recoveries	-	-
Charge to income statement		**11.5**

10. Other Assets

	2022	2021
Amounts owed by related parties	-	0.4
		0.4

11. Deferred tax asset

	2022	2021
At beginning of the year	16.1	18.0
Charge to the income statement	(16.1)	(1.9)
At end of year		**16.1**

The deferred tax asset consisted of short-term timing differences in 2021. The IFRS temporary relief was accelerated in advance of liquidation resulting in the write-down of the deferred tax asset.

12. Other liabilities

	2022	2021
Amounts owed to group undertakings	97.8	74.0
Other creditors	-	8.6
	97.8	**82.6**

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

13. Share capital

All amounts are stated in pounds.

Authorised, called-up, allotted and fully paid	2022	2021
100 ordinary shares of £1 each	**100**	**100**

14. Contingent liabilities

As at 30 June 2022, the Company's assets, along with those of the Together Group were subject to a fixed and floating charge in respect of £1,055.0m senior secured notes (30 June 2021: £935.0m) and £nil in respect of bank borrowings (30 June 2021: £nil).

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £000

15. 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.