

Loans.co.uk Limited

Annual report and financial statements for the year ended 31 December 2021

Registered office

Cawley House
Chester Business Park
Chester
CH4 9FB

Registered number

03391635

Current directors

E J Corfield
I S Perez

Company Secretary

A E Mulholland



Member of Lloyds Banking Group plc

Directors' report

For the year ended 31 December 2021

The directors present their report and the audited financial statements of Loans.co.uk Limited (the "Company") for the year ended 31 December 2021.

General information

Loans.co.uk Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is Cawley House, Chester Business Park, Chester, CH4 9FB.

The principal activity of the Company was as a personal loan broker. The Company permanently ceased trading in January 2009. The Company has continued to process Payment Protection Insurance complaints and as at 31 December 2021 held a provision of £66,000 (2020: £953,000), as detailed in note 11.

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

The Company qualifies as a small company in accordance with sections 381-382 of the Companies Act 2006 ("the Act") and the Directors' report has therefore been prepared taking into consideration the provisions of Part 15 of the Act.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 14 to the financial statements.

Any adverse changes affecting the UK economy may have direct and indirect credit and operational exposures. Any further deterioration in global macroeconomic conditions, including as a result of geopolitical events, global health issues, including the COVID-19 pandemic or acts of war or terrorism, could have an adverse effect on the Company's results.

The geopolitical implications of the conflict between Russia and Ukraine including the imposition of sanctions, could continue to have significant adverse economic effects on financial markets and on energy costs further exacerbating the cost of living crisis, all of which could have an adverse effect on the Company's operations, financial condition or prospects.

Key performance indicators ("KPIs")

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

Future outlook

The Company will continue to operate until the remaining Payment Protection Insurance claims are settled (see notes 2 and 11). Once this is completed, the directors expect to make the Company dormant.

Given that the Company is no longer writing new business, the UK's exit from the EU is not expected to have had a material impact on the Company.

Dividends

No dividends were paid or proposed during the year ended 31 December 2021 (2020: £nil).

Going concern

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Directors

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

There have been no changes to directors between the beginning of the reporting period and the approval of the Annual report and financial statements.

Directors' report (continued)

For the year ended 31 December 2021

Directors' indemnities

Lloyds Banking Group plc has granted to the directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements. The Deed for existing directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Statement of Director's 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 adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards ("IFRSs") as issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- 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 of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a 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.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

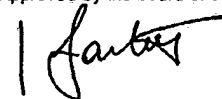
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's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

Auditors and disclosure of information to auditors

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

This report has been prepared in accordance with the special provisions relating to small companies within section 415A of Part 15 of the Companies Act 2006.

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



I S Perez
Director

12th August 2022

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Interest income	3	107	107
Payment protection insurance charge	11	(384)	(867)
Other income	4	-	391
Loss before tax from operating activities		(277)	(369)
Taxation	8	(20)	(20)
Loss for the year, being total comprehensive loss		(297)	(389)

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

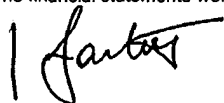
Balance sheet

As at 31 December 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Trade and other receivables	9	9,779	9,672
<hr/>			
Total assets		9,779	9,672
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LIABILITIES			
Amounts due to group undertakings	10	8,283	6,992
Provision for liabilities and charges	11	66	953
Current tax liability		20	20
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Total liabilities		8,369	7,965
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EQUITY			
Share capital	12	165,000	165,000
Accumulated losses		(163,590)	(163,293)
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Total equity		1,410	1,707
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Total equity and liabilities		9,779	9,672

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

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



I S Perez
Director

12th August 2022

Statement of changes in equity

For the year ended 31 December 2021

	Share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2020	165,000	(162,904)	2,096
Loss for the year being total comprehensive expense	-	(389)	(389)
At 31 December 2020	165,000	(163,293)	1,707
Loss for the year being total comprehensive expense	-	(297)	(297)
At 31 December 2021	165,000	(163,590)	1,410

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

Cash flow statement

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Cash flows used in operating activities		
Loss before tax from operating activities	(277)	(369)
Adjustments for:		
- Decrease in Provision for liabilities and charges	(887)	(3,381)
- Decrease in Current tax liability accrual	-	(391)
Cash used in operations	(1,164)	(4,141)
Tax paid	(20)	(20)
Net cash used in operating activities	(1,184)	(4,161)
Cash flows generated from financing activities		
Proceeds from net lending to group undertakings	1,184	4,161
Net cash generated from financing activities	1,184	4,161
Change in Cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

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

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies

1.1 Basis of preparation

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

These financial statements have been prepared in accordance with United Kingdom adopted International accounting standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRSIC") and its predecessor body.

In preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

The following new IFRS pronouncement is relevant to the Company and has been adopted in these financial statements:

- (i) *Minor amendments to other accounting standards:* The IASB has issued a number of minor amendments to IFRSs effective 1 January 2020 (including IFRS 3 Business Combinations and IAS 1 Presentation of Financial Statements).

The application of this pronouncement has not had any impact for amounts recognised in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2021 and which have not been applied in preparing these financial statements are given in note 18. No standards have been early adopted.

The financial statements have been prepared on a going concern basis as detailed in the Directors' report and under the historical cost convention.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in pounds sterling, which is the Company's functional and presentational currency.

1.2 Income recognition

Income and expense from financial instruments

Interest income and expense are recognised in the Statement of comprehensive income for all interest bearing financial instruments using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to a period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the net lending balance using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings. Financial liabilities comprise Amounts due to group undertakings.

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

Interest bearing financial assets and financial liabilities are recognised and measured at amortised cost inclusive of transaction costs, using the effective interest rate method.

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

1.4 Cash and cash equivalents

For the purposes of the Balance sheet and Cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity.

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.5 Taxation, including deferred tax

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

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

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint arrangements where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

1.6 Provision for liabilities and charges

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

2. Critical accounting estimates and judgements in applying accounting policies

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

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

Payment Protection Insurance

At 31 December 2021, the Company carried a provision of £66,000 (2020: £953,000) against the cost of making redress payments to customers and the related administration costs in relation to the mis-selling of Payment Protection Insurance ("PPI") (see note 11). The total amount provided for PPI represents the Company's best estimate of the likely future cost. In estimating the likely future cost, it is necessary to form a view on the average cost of redress and the extent to which complaints will be upheld. The substantial portion of the stock of complaints resulting from the PPI industry deadline in August 2019, was resolved during 2020 & 2021 despite the COVID-19 pandemic delaying operational activities. The Group and the Company are now focused upon the final stages of work to ensure operational completeness ahead of an orderly programme close. Until the orderly close is complete, the Group and the Company continues to require the application of assumptions in respect of matters which are inherently uncertain, including the average cost of redress. Whilst these assumptions are subject to regular review against actual experience, it is possible that future costs will differ from those calculated using assumptions to derive management's best estimate.

Notes to the financial statements (continued)

For the year ended 31 December 2021

3. Interest income

	2021 £'000	2020 £'000
Group interest income (see note 13)	107	107

4. Other income

Following a review of tax legislation, a £391,000 accrual held for Employee benefit tax was released to the Statement of comprehensive income during the year ended 31 December 2020.

5. Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £16,000 (2020: £16,000) have been borne by a fellow group company and are not recharged to the Company. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

6. Staff costs

The Company did not have any employees during the year (2020: none) and incurred no staff costs (2020: £nil).

7. Directors' emoluments

No director received any fees or emoluments from the Company during the year (2020: £nil). The directors are employed by other companies within the Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 13).

8. Taxation

	2021 £'000	2020 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable loss for the year	20	20

Corporation tax is calculated at a rate of 19.00% (2020: 19.00%) of the taxable loss for the year.

b) Factors affecting the tax charge for the year

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

	2021 £'000	2020 £'000
Loss before tax from operating activities	(277)	(369)
Tax credit thereon at UK corporation tax rate of 19.00% (2020: 19.00%)	(53)	(70)
Factors affecting credit:		
- Timing differences not recognised	73	90
Tax charge on loss on ordinary activities	20	20
Effective rate	(7.22%)	(5.42%)

Notes to the financial statements (continued)

For the year ended 31 December 2021

8. Taxation (Continued)

Finance Act 2016 reduced the main rate of corporation tax to 17% with effect from 1 April 2020. This reduction was superseded by Finance Act 2020 which was enacted on 22 July 2020, and maintained the main rate of corporation tax at 19% with effect from 1 April 2020.

Finance Act 2021, which received Royal Assent on 10 June 2021, increases the rate of corporation tax from 19% to 25% with effect from 1 April 2023.

A deferred tax asset of £39,172,000 (2020: £29,698,000) relating to miscellaneous losses has not been recognised on the basis that the Company has insufficient forecast taxable profits to recover the asset in future periods. Subject to some conditions the losses can be carried forward indefinitely and offset against future taxable profits.

9. Trade and other receivables

	2021 £'000	2020 £'000
Amounts due from group undertakings (see note 13)	9,779	9,672

Amounts due from group undertakings is unsecured, interest bearing at a fixed rate and repayable on demand. All Amounts due from group undertakings are included within Stage 1 for IFRS 9 purposes. The ECL is £nil.

10. Amounts due to group undertakings

	2021 £'000	2020 £'000
Borrowed funds (see note 13)	8,283	6,992

Amounts due to group undertakings is unsecured, non-interest bearing and repayable on demand, although there is no expectation that such a demand would be made.

11. Provision for liabilities and charges

	Regulatory Provision £'000
At 1 January 2020	4,334
Charge for the year	867
Utilised during the year	(4,248)
At 31 December 2020	953
Charge for the year	384
Utilised during the year	(1,271)
At 31 December 2021	66

As described in note 2, an assessment has been made of the potential future costs arising from complaints made against the Company in relation to PPI. As at 31 December 2021, the Company has provided £66,000 (2020: £953,000) in respect of PPI redress in the UK.

12. Share capital

	2021 £'000	2020 £'000
Allotted, issued and fully paid 165,000,100 (2020: 165,000,100) ordinary shares of £1 each	165,000	165,000

Notes to the financial statements (continued)

For the year ended 31 December 2021

13. Related party transactions

The Company is controlled by MBNA Limited. A number of transactions are entered into with MBNA Limited in the normal course of business. A summary of the outstanding balances at the year end and the related income for the year is set out below.

	2021 £'000	2020 £'000
Amounts due from group undertakings		
MBNA Limited (see note 9)	9,779	9,672
Amounts due to group undertakings		
MBNA Limited (see note 10)	8,283	6,992
Interest income		
MBNA Limited (see note 3)	107	107

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

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management is comprised of the directors of the Company and MBNA Limited. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

14. Financial risk management

The Company's operations expose it to liquidity risk and business risk; it is not exposed to any significant foreign exchange risk, interest rate risk, market risk or credit risk. Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by MBNA Limited, and the ultimate parent, 'Lloyds Banking Group plc. A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.

14.1 Credit risk

Credit risk management

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The directors consider the credit risk associated with the amount due from the parent undertaking to be negligible.

Credit risk mitigation

- Credit principles and policy: Group Risk sets out the group credit principles and policy according to which credit risk is managed, which in turn is the basis for divisional and business unit credit policy. Principles and policy are reviewed regularly and any changes are subject to a review and approval process. Business unit policy includes lending guidelines, which define the responsibilities of lending officers and provide a disciplined and focused benchmark for credit decisions.

14.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. To manage this risk extensive borrowing facilities are available from within the Group.

Liquidity risks are managed as part of the Group by the immediate parent company, MBNA Limited, in consultation with the board of directors. Monthly reviews of funding positions are undertaken to anticipate any shortfalls.

14.3 Business risk

Business risk is the risk that the Company's earnings are adversely impacted by a suboptimal business strategy or the suboptimal implementation of the strategy. In assessing business risk consideration is given to internal and external factors such as products, funding, resource capability and economic, political and regulatory factors.

Through regular reports and oversight business risk is managed by corrective actions to plans and reductions in exposures where necessary.

Notes to the financial statements (continued)

For the year ended 31 December 2021

14. Financial risk management (continued)

14.4 Fair values of financial assets and liabilities

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

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

15. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and advises the board of directors. In order to maintain or adjust the capital structure, the board of directors may return capital to shareholders, issue new shares, or sell assets.

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

16. Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the Balance sheet date (2020: £nil).

17. Post balance sheet events

There are no post balance sheet events requiring disclosure in these financial statements.

18. Future developments

The following pronouncement will be relevant to the Company but was not effective at 31 December 2021 and has not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
Minor amendments to other accounting standards	The IASB has issued a number of minor amendments to IFRSs effective 1 January 2022 (including IFRS 9 Financial Instruments and IAS 37 Provisions, Contingent Liabilities and Contingent Assets). These amendments are not expected to have a significant impact on the Company.	Annual periods beginning on or after 1 January 2022

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

19. Ultimate parent undertaking and controlling party

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

Independent auditors' report to the members of Loans.co.uk Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Loans.co.uk Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("the 'FRC's'") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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.

Independent auditors' report to the members of Loans.co.uk Limited (continued)

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Independent auditors' report to the members of Loans.co.uk Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Cowley CA (Senior Statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

Date:-

15 August 2012.