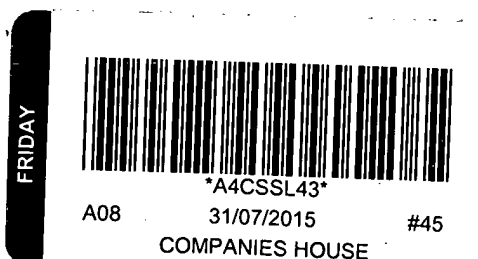


NewDay Cards Ltd (formerly SAV Credit Ltd)

Company No. 04134880

Statutory Financial Statements

31 December 2014



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General information

Directors

Mr J Corcoran
Mr D Richards

Company Secretary

Mr S Rowland

Registered Office

Two Pancras Square
London
N1C 3AG

Solicitor

Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Strategic report

Principal activities

NewDay Cards Ltd ("the Company") (formerly SAV Credit Ltd) is a 100% owned subsidiary of NewDay Group Ltd which is a subsidiary of NewDay Group Holdings S.à.r.l. (the "Group"). The principal activity of the Company in the year was that of portfolio servicing for Near-prime aqua, marbles and Opus branded credit cards held within NewDay Funding Transferor Ltd ("NFL"), and Co-brand credit and store cards and point of sale finance held within NewDay Partnership Transferor Plc ("NPT"). The Company recharges NFL and NPT for its costs incurred in servicing the cards plus a mark-up of 30% on personnel and other operating expenses (excluding project costs which are not directly related to the servicing of the cards).

The Company has been authorised, through its subsidiary NewDay Ltd (formerly Progressive Credit Ltd) as an Authorised Payment Institution by the Financial Conduct Authority.

Review of the Company's business and future developments

Operating income increased by 70% in the year to £179.5m (2013: £105.7m) reflecting the additional servicing fee income earned for a full year on the Co-brand portfolios and an increase in overhead expenses incurred and recharged. Cost of sales increased by 29% to £91.1m (2013: £70.5m), resulting in an increase of gross profit to £88.4m (2013: £35.2m). Personnel expenses increased to £26.8m (2013: £13.4m) as a result of a full year of costs in relation to the Co-brand portfolio. Other operating expenses increased to £57.6m (2013: £24.3m) largely due to an increase in current year project costs of £48.1m (2013: £19.3m). The current year project costs of £48.1m include £32.8m of migration costs for the co-brand portfolio. Overall profit after tax for the year was £7.8m (2013: loss £3.0m).

The Company is continuing to undertake various projects to assist in the growth of the NewDay Group's portfolios. Such growth of portfolios will directly result in the increase of servicing fee income to the Company from NFL and NPT.

Principal risks and uncertainties

The overall risk appetite of the Company is low, which is reflected in the structuring of and the flow of payments of the transactions it is a party to in the Group. The Company applies the Group's formal structure for managing risk. This includes identification, management and mitigation of risks using the Group's Risk Appetite Statement Framework and is supported through the Group's use of the standard three lines of defence model to protect the lenders, borrowers and shareholders. The principal risks faced by the Company are credit risk, liquidity and funding risk, regulatory risk and operational risk. A summary of these risks is included below:

Credit risk

Credit risk is the risk of loss arising from counterparty defaults, most significant of which are credit card customer defaults. All credit card balances sit in NFL and NPT and therefore, the Company has no direct exposure to customer defaults. The key debtors to the Company are the two aforementioned companies, and based on the structure and the payment agreements governing the payments between them, the Company is amongst the most senior creditors to be paid back from the cash payment of the receivables. This creates a very low credit risk for the Company. The maximum exposure to credit risk would be the receivable balances on the balance sheet. Credit risk is monitored to ensure that the Company's debtors are able to meet their obligations to the company when due.

Liquidity and funding risk

Liquidity and funding risk is the risk that the Company is not able to meet its liabilities when they are due under normal conditions, and under a liquidity stress as defined by the internal stress requirements computed and analysed at the Group level or can do so only at excessive cost. Liquidity risk is managed by ensuring the Company is sufficiently capitalised and has adequate working capital to meet its day-to-day operating requirements. All of the Company's liabilities are due within 30 days.

Regulatory risk

Regulatory risk is the risk of loss arising from a breach of existing regulations or that the Company does not adhere to the changing regulatory environment in which it operates. The Group operates in an environment where regulatory scrutiny is increasing due to focus on payday and non-standard lenders.

Strategic report (continued)

Full regulatory compliance, reporting and monitoring is provided by the Company under the servicing agreement and falls under the Group wide regulatory compliance framework, which includes periodic compliance updates and where appropriate escalation by exception. The Directors are confident that the Company is well placed to meet all of its regulatory requirements.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk includes IT, information security, project, outsourcing, tax, legal, fraud and compliance risks.

Certain elements of the Company's operations in respect of the servicing of cardholders accounts on behalf of NFL and NPT are outsourced to major card issuers and a major card service provider under separate Card Servicing Agreements ("CSA"). Each CSA details certain minimum servicing levels across all cardholders. Management constantly monitor these service levels and financial penalties are applied for pre-determined breaches.

Key performance indicators

The Directors monitor the performance of the Company by reference to servicing costs as a percentage of the average face value of loans receivable in NFL and NPT.

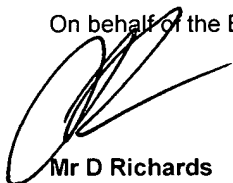
The total servicing costs derived from both NFL and NPT as a percentage of loan receivables was 5.24% (2013: 4.2%). This increase is primarily due to the acquisition of the Co-brand portfolio which derives a higher service fee than the Near-prime portfolio.

Results and dividends

The audited financial statements and associated notes to the accounts for the Company, for the year ended 31 December 2014 are set out on pages 9 to 31. The profit for the period after taxation was £7.8m as shown in the Statement of Profit and Loss and Other Comprehensive Income on page 9.

The Directors do not propose the payment of a dividend for year ended 31 December 2014.

On behalf of the Board



Mr D Richards
Director
28 July 2015

Directors' report

The Directors present their report, Strategic report and the audited financial statements of the Company for the year ended 31 December 2014. On 1st April 2014 the Company changed its name from SAV Credit Ltd to NewDay Cards Ltd.

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Companies Act 2006.

Directors

The Directors who held office during the year and up to the date of this report were as follows:

- Mr J B Corcoran
- Mr D Richards

All directors were Executive Directors. Certain Directors benefited from qualifying third party indemnity provisions in place during the year ended 31 December 2014 and up to 28 July 2015.

Transition to IFRS

This is the first year the Company has adopted IFRS as its principal accounting basis. Previously, the financial statements had been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The comparative information in these financial statements for the year ended 31 December 2013 has been restated from UK GAAP to IFRS. As a result of the restatement, there have been certain reclassifications between accounts which have had no impact on the total comprehensive income or equity. Further details of the reclassifications are included in the notes to the financial statements.

Corporate governance statement

The governance of the Company is strictly directed by the transaction documents, which provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

The financial statements are prepared using International Financial Reporting Standards and key balances are reconciled on a regular basis to relevant information to ensure their integrity.

Going concern

The Company is dependent on NFL and NPT for the receipt of servicing income. NFL and NPT are exposed to significant uncertainties around the strength of the overall economy and the UK consumer credit market.

Although significant uncertainties remain, the Directors believe that existing plans and projections of business performance will allow the Company to continue to meet all of its current obligations, including financial covenants and cash requirements for the foreseeable future. Given the uncertainty, and that the forecasts are based on judgemental assumptions the Directors have considered the consequent risks facing the Company during the foreseeable future together with the substantial mitigants within their direct control, and are satisfied that the mitigants are deemed more than sufficient to offset and remedy the potential risks such that it is appropriate to adopt the going concern basis in preparing the financial statements.

Directors' report (continued)

Auditor and disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all of the steps that they ought to have taken as directors to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'D Richards', written over a large, faint circular watermark or background mark.

Mr D Richards
Director
28 July 2015

Statement of Directors' responsibilities in relation to the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether they have been prepared in accordance with IFRSs as adopted by the EU.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board



Mr D Richards
Director
28 July 2015

Independent auditor's report to NewDay Cards Ltd

We have audited the financial statements of NewDay Cards Ltd for the year ended 31 December 2014 set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

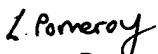
Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Lawrence Pomerooy (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
28 July 2015

Statement of profit and loss and other comprehensive income

for the year ended 31 December 2014

		Year ended 31 December 2014	Year ended 31 December 2013
	Note	£'000	£'000
Revenue	4	179,479	105,696
Cost of Sales	5	(91,074)	(70,521)
Gross Profit		88,405	35,175
Personnel expense	6	(26,824)	(13,368)
Depreciation of property and equipment	16	(415)	(207)
Amortisation of intangible asset	16	(3)	(3)
Other operating expenses	7	(57,617)	(24,299)
Other income	8	4,881	-
Operating Profit/(Loss)		8,427	(2,702)
Finance income	9	221	122
Finance expense	10	(394)	(271)
Profit before income tax		8,254	(2,851)
Income tax (charge)/credit	11	(419)	(104)
Profit / (loss) for the year		7,835	(2,955)

The profit / (loss) is derived from continuing operations and all activities are based in the UK.

The notes on pages 13 to 31 form an integral part of these financial statements.

Statement of financial position

as at 31 December 2014

		As at 31 December 2014 £'000	As at 31 December 2013 £'000	As at 1 January 2013 £'000
	Note			
Assets				
Non-current assets				
Property and equipment	16	5,290	352	332
Intangible assets	16	24	27	30
Investment in subsidiaries	17	2,522	2,522	2,522
Total non-current assets		7,836	2,901	2,884
Current assets				
Loans and advances to banks	12	34,628	23,409	13,592
Other assets	13	28,863	59,015	23,848
Current tax receivable	11	5	-	-
Total current assets		63,496	82,424	37,440
Total Assets		71,332	85,325	40,324
Liabilities				
Current liabilities				
Other liabilities	14	54,103	74,923	29,214
Current tax payable	11	-	1,257	148
Provisions	15	1,387	1,138	-
Total current liabilities		55,490	77,318	29,362
Total Liabilities		55,490	77,318	29,362
Capital & Reserves				
Share capital	18	3,340	3,340	3,340
Share premium	18	11,096	11,096	11,096
Capital contribution	18	9,411	9,411	9,411
Retained earnings		(8,005)	(15,840)	(12,885)
Total Equity		15,842	8,007	10,962
Total Liabilities and Equity		71,332	85,325	40,324

The notes on pages 13 to 31 form an integral part of these financial statements. The financial statements on pages 9 to 12 were approved by the Directors on **28 July 2015** and signed on its behalf by:


Mr D Richards
Director

Company No. 04134880

Statement of changes in equity

for the year ended 31 December 2014

	Share capital £'000	Share premium £'000	Capital contribution £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014	3,340	11,096	9,411	(15,840)	8,007
Profit for the period after other comprehensive income	-	-	-	7,835	7,835
At 31 December 2014	3,340	11,096	9,411	(8,005)	15,842

	Share capital £'000	Share premium £'000	Capital contribution £'000	Retained earnings £'000	Total equity £'000
At 1 January 2013	3,340	11,096	9,411	(12,885)	10,962
Loss for the period after other comprehensive income	-	-	-	(2,955)	(2,955)
At 31 December 2013	3,340	11,096	9,411	(15,840)	8,007

The notes on pages 13 to 31 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2014

		Year ended 31 December 2014	Year ended 31 December 2013
	Note	£'000	£'000
Operating activities			
Profit / (Loss)		8,254	(2,851)
Adjustments for:			
Depreciation of property and equipment	16	415	207
Amortisation of intangible assets	16	3	3
Provision movements	15	249	1,138
Interest income	9	221	122
Interest expense	10	(394)	(271)
Dividend income	8	(4,881)	-
Tax expense	11	(419)	(104)
Working capital adjustments:			
Increase / (decrease) in loans and advances to banks	12	6,000	(12,000)
(Increase) / decrease in receivables	13	30,107	(35,223)
Increase / (decrease) in payables	14	(17,295)	45,712
(Increase) / decrease in income tax receivable	11	(1,261)	1,108
Interest (paid) / received		217	203
Net cash flows used in operating activities		21,216	(1,956)
Investing activities			
Purchase of property and equipment	16	(3,997)	(227)
Net cash flows used in investing activities		(3,997)	(227)
Financing activities			
Net financing cash flows		-	-
Net increase in cash and cash equivalents		17,219	(2,183)
Cash and cash equivalents at beginning of period		11,409	13,592
Cash and cash equivalents at end of period		28,628	11,409

The notes on pages 13 to 31 form an integral part of these financial statements.

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with IFRS

NewDay Cards Ltd was incorporated and domiciled in England and Wales on 3 January 2001. It was incorporated as SAV Credit Limited, but changed its name to NewDay Cards Ltd on 1 April 2014. The financial statements of NewDay Cards Ltd for the period ended 31 December 2014 were authorised for issue by the directors on 28 July 2015.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. NewDay Cards Ltd is a first time adopter of IFRS.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared on an amortised cost basis. The financial statements are presented in Sterling (£) and all values are rounded to the nearest thousand pounds, except where otherwise indicated.

Going concern

The Company's Directors have made an assessment of its ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis as outlined in the statement of Director's responsibilities.

First time adoption of IFRS

These financial statements, for the year ended 31 December 2014, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2013, the Company prepared its financial statements in accordance with UK generally accepted accounting practice (UK GAAP).

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2014, together with the comparative period data as at and for the year ended 31 December 2013, as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2013, the Company's date of transition to IFRS.

The transition from UK GAAP to IFRS has resulted in certain reclassifications of amounts reported in the comparative period for the year ended 31 December 2013. There has been no impact on the total comprehensive income or equity reported. Details of these reclassifications are at note 24.

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies

(1) Foreign currency translation

The financial statements are presented in Sterling (£) as this is its functional currency. The Company transacts wholly in Sterling.

(2) Recognition of income and expenses

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Service fees are recognised when they become due in accordance with contractual agreements between the Company and NFL and NPT.

(ii) Cost of Sales

Cost of sales are recognised to the extent that the amounts have been incurred and the amounts can be measured reliably. Cost of sales are incurred in the day-to-day servicing of the aqua, marbles, Opus and Co-brand credit card and store card portfolios and is predominantly made up of marketing, advertising and other various charges.

(iii) Personnel expenses

The entity applies IAS 19 Employee Benefits in its accounting for most of the components of staff costs. Short-term employee benefits including salaries, accrued performance costs and social security are recognised over the period in which the employees provide the services to which the payments relate. Performance costs are recognised to the extent that the Company has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the services.

(iv) Defined contribution pension plan

The Company also operates a defined contribution pension plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

(v) Operating Leases

The determination of whether an arrangement is a lease or it contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use an asset.

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss and other comprehensive income on a straight line basis over the term of the lease. Contingent rental payable is recognised as an expense in the period in which it is incurred.

(3) Loans and advances to banks

Cash and balances with banks as referred to in the Statement of financial position comprise cash in hand, non-restricted current accounts and amounts due on demand or with an original maturity of three months or less and restricted cash, as detailed in note 12.

(4) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

Notes to the financial statements (continued)

(5) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rate and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related tax asset is realised or the tax liability is settled. Deferred tax assets are recognised only when it is probably that future taxable profits will be available against which these temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The principal differences arise from unrealised fair value movements.

(6) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(7) Property, plant and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

• Computer hardware	3 years
• Fixtures and fittings	3 years
• Leasehold improvements	Over the life of the lease

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the period the asset is derecognised.

Notes to the financial statements (continued)

(8) Intangibles

The entities intangible assets include acquired trademarks.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

- Trademarks 10 years

(9) Investment in subsidiaries

Investments in subsidiaries are valued at cost less a provision for impairment. Investments in subsidiaries are included in the Company's balance sheet comprising equity investments in the subsidiary entities. At each reporting date an assessment is undertaken to determine if there is any indication of impairment.

(10) Share Capital

The company applies IAS 32 Financial Instruments: Presentation to determine whether funding is either a financial liability (debt) or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Company having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs.

(11) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and are deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company. Dividends for the period that are approved after the reporting date are disclosed as an event after balance date.

2.3 Significant accounting judgements, estimates and assumptions

In the process of applying the Company's accounting policies, the Directors have exercised judgement and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgements and estimates are as follows:

Impairment of investments

The Company reviews its investment in subsidiaries at each statement of financial position date to assess whether an impairment loss should be recorded in the statement of profit and loss and other comprehensive income. This assessment can include reviewing factors such as the solvency, profitability and cash flows generated by the subsidiary. If there is an indication of impairment, an estimate of the recoverable amount is made and if the carrying value exceeds the recoverable amount, a provision for the impairment loss is recognised.

Notes to the financial statements (continued)

Premises dilapidation provision

The dilapidation provision relates to the Group's obligations to restore leased premises to their original condition, at the end of the lease term. The principle sensitivity in the dilapidation provision calculation is the cost per square foot of restoration. Testing the provision for sensitivity, +/- 10% movement to the cost per square foot would result in a +/- £139,000 impact on the total provision required.

2.4 Standards issued but not yet effective

IFRS 9 Financial Instruments

The final version of IFRS 9 was issued in July 2014 and brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 in its entirety. IFRS 9 is effective for annual periods on or after 1 January 2018, with early adoption permitted (pending EU endorsement). The Company is in the process of quantifying the effect of this standard; however the impact is not expected to be significant.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014 and replaces all existing IFRS revenue requirements and sets out the requirements for recognising revenue that apply to contracts with customers, except for those covered by standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is in the process of quantifying the effect of this standard and the impact is expected to be material.

3. Segment information

The profit for the period is derived from a single continuing activity. The Company operates in a single business segment and all of its activities are in the UK. It does not have any significant industry or concentration exposure.

4. Revenue

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Service fee income	179,479	105,696
	179,479	105,696

Service fee income is derived from NPT and NFL and comprises of fee income calculated based on average receivables in each portfolio on a monthly basis and a re-charge of costs incurred servicing the cards at a mark-up of 30%.

5. Cost of Sales

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Servicing costs	(74,493)	(60,226)
Advertising and marketing	(16,581)	(10,295)
	(91,074)	(70,521)

Notes to the financial statements (continued)

6. Personnel expense

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Wages and salaries	(22,436)	(9,668)
Social security costs	(2,307)	(1,232)
Defined benefit pension contributions	(694)	(288)
Other staff costs	(1,387)	(2,180)
	(26,824)	(13,368)

Directors' remuneration and transactions

	Maximum balance during the year £'000	Year ended 31 December 2014 £'000	As at 31 December 2014 £'000
Directors' remuneration and transactions			
Emoluments	-	4,347	-
Pension contributions	-	69	-
Highest paid director	-	1,074	-
Loans to Directors and key management personnel	2,868	-	2,868

	Maximum balance during the year £'000	Year ended 31 December 2013 £'000	As at 31 December 2013 £'000
Directors' remuneration and transactions			
Emoluments	-	2,243	-
Pension contributions	-	24	-
Highest paid director	-	1,332	-
Loans to Directors and key management personnel	3,264	-	2,204

Notes to the financial statements (continued)

7. Other operating expenses

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Administrative cost and commissions to retailers	(4,228)	(2,074)
Professional fees	(3,242)	(2,402)
IT and communications	(1,790)	(310)
Project expenses	(48,056)	(19,261)
Other	(301)	(252)
	(57,617)	(24,299)

Project costs relate to various projects that are currently ongoing including migration costs associated with the Co-brand portfolio and the securitisation project.

Professional fees include fees payable to the auditor KPMG LLP in relation to:	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Audit of these financial statements	(50)	(35)
	(50)	(35)

The audit fees are recharged to the Company under Service costs as they are accrued during the period.

8. Other income

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Dividends received	4,881	-
	4,881	-

9. Finance income

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Interest due from banks	59	54
Other	162	68
	221	122

Other interest income is derived from a loan to certain directors as detailed at note 13.

Notes to the financial statements (continued)

10. Finance expense

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Interest due to banks	(15)	-
Other interest expense	(379)	(271)
	(394)	(271)

Other interest expense is incurred on a loan from the ultimate parent company NewDay Group Holdings S.à r.l.

11. Income tax (charge)/credit

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Current taxation	(419)	-
Under provision in respect of previous year	-	(104)
Income tax (charge)/credit	(419)	(104)

For the period from 1 January 2014 to 31 March 2014, the enacted UK Company tax rate was 23%. For the period from 1 April 2014 to 31 December 2014 the enacted UK Company tax rate was 21%. The average tax rate, assessed for the period is calculated at 21.49%. The tax reconciliation is shown below:

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Profit /(loss) on ordinary activities before taxation	8,254	(2,851)
Tax credit at UK corporation tax rate 21.49% / 23.25%	1,774	(663)
Effects of:		
Disallowable items	(960)	(56)
Tax losses brought forward	(395)	-
Losses offset against group profits	-	719
Provision for prior year tax	-	104
Current taxation	419	104

	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
	£'000	£'000	£'000
Income tax receivable	5	-	-
Income tax payable	-	(1,257)	(148)

Notes to the financial statements (continued)

12. Loans and advances to banks

	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
	£'000	£'000	£'000
Cash at bank	34,628	23,409	13,592
Amounts included within cash and cash equivalents	28,628	11,409	13,592

Cash at bank balances are held with large retail UK based banks. Restricted cash amounted to £6,000,000 at 31 December 2014 (2013: £12,000,000).

13. Other assets

	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
	£'000	£'000	£'000
Amounts due from other group entities	20,976	48,774	21,532
Loans and receivables	3,018	1,312	-
Other assets	59	5,209	619
Prepayments and accrued income	4,810	3,720	1,697
	28,863	59,015	23,848

Included within Loan and receivables is a loan extended to a director of NewDay Cards Ltd which was issued by NewDay Ltd in 2011 comprising of the principal of £1,757,000 and interest at 5% accrued to 31 December 2014. This loan was transferred to NewDay Cards Ltd on 1 January 2014 year at its amortised cost of £891,000. No repayments were made during the year and the loan is repayable after more than one year. The loan includes debt forgiveness clauses which are dependent upon certain targets being achieved. As at 31 December 2014, the loan is included in the financial statements at a value of £1,762,000. This value takes into account any debt forgiveness clauses which have been partially met or are forecast to be met in the future.

The corporation tax due in respect of the loan of £439,000 (2013: £nil) that is payable on repayment or forgiveness of the loan is included within tax receivables.

Also included within Loans and receivables is a loan that was issued to the directors of the Company in 2013 at a value of £1,313,000. A repayment of £275,000 (2013: £nil) was made during the 2014 year. As at 31 December 2014, the total balance of the outstanding loan is £1,107,000 (2013: £nil). The loan is recognised within loan and receivables.

Notes to the financial statements (continued)

14. Other liabilities

	As at 31 December 2014 £'000	As at 31 December 2013 £'000	As at 1 January 2013 £'000
Accounts payable and sundry creditors	(43,082)	(39,610)	(3,828)
Amounts due to other group entities	(10,862)	(35,179)	(25,386)
Pension contributions	(159)	(134)	-
	(54,103)	(74,923)	(29,214)

15. Provisions

	Migratory provisions £'000	Regulatory provisions £'000	Dilapidation provisions £'000	Total provisions £'000
At 1 January 2014	(517)	(621)	-	(1,138)
Arising during the year	-	-	(1,387)	(1,387)
Utilised during the year	517	621	-	1,138
At 31 December 2014	-	-	(1,387)	(1,387)

The provision arising during the year is a dilapidation provision which relates to the Company's obligations to make good the office premises at both the Leeds (£1,126,000) and London (£261,000) offices at the termination of the lease.

	Migratory provisions £'000	Regulatory provisions £'000	Dilapidation provisions £'000	Total provisions £'000
At 1 January 2013	-	-	-	-
Arising during the year	(517)	(621)	-	(1,138)
Utilised during the year	-	-	-	-
At 31 December 2013	(517)	(621)	-	(1,138)

Notes to the financial statements (continued)

16. Property, equipment and intangible assets

	Computer hardware £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total property and equipment £'000
Cost at 1 January 2014	965	195	182	1,342
Additions	755	1,009	3,589	5,353
Disposals	-	-	-	-
Cost at 31 December 2014	1,720	1,204	3,771	6,695
Depreciation at 1 January 2014	(652)	(156)	(182)	(990)
Charges for the year	(211)	(92)	(112)	(415)
Write offs	-	-	-	-
Depreciation at 31 December 2014	(863)	(248)	(294)	(1,405)
Net book value at 31 December 2014	857	956	3,477	5,290
Net book value at 31 December 2013	313	39	-	352

	Computer hardware £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total property and equipment £'000
Cost at 1 January 2013	738	195	182	1,115
Additions	227	-	-	227
Disposals	-	-	-	-
Cost at 31 December 2013	965	195	182	1,342
Depreciation at 1 January 2013	(483)	(121)	(179)	(783)
Charges for the year	(169)	(35)	(3)	(207)
Write offs	-	-	-	-
Depreciation at 31 December 2013	(652)	(156)	(182)	(990)
Net book value at 31 December 2013	313	39	-	352
Net book value at 31 December 2012	255	74	3	332

Notes to the financial statements (continued)

	Trademarks £'000	Total intangible assets £'000
Cost at 1 January 2014	30	30
Additions	-	-
Disposals	-	-
Cost at 31 December 2014	30	30
Amortisation at 1 January 2014	(3)	(3)
Charges for the year	(3)	(3)
Write offs	-	-
Amortisation at 31 December 2014	(6)	(6)
Net book value at 31 December 2014	24	24
Net book value at 31 December 2013	27	27

	Trademarks £'000	Total intangible assets £'000
Cost at 1 January 2013	30	30
Additions	-	-
Disposals	-	-
Cost at 31 December 2013	30	30
Amortisation at 1 January 2013	-	-
Charges for the year	(3)	(3)
Write offs	-	-
Amortisation at 31 December 2013	(3)	(3)
Net book value at 31 December 2013	27	27
Net book value at 31 December 2012	30	30

Notes to the financial statements (continued)

17. Investment in subsidiaries

The Company has investments in the following subsidiary undertakings:

NewDay Reserve Funding Ltd	100% holding
NewDay Ltd	100% holding

Called up share capital

	<i>Issued share capital</i>	
	Number of shares	Nominal value £
NewDay Reserve Funding Ltd	2	2
NewDay Ltd	1,166,933	1,166,933

The directors considered the carrying value of the investment and concluded that no impairment is required.

Investment - 2014

	NewDay Reserve Funding Ltd	NewDay Ltd	Total
	£'000	£'000	£'000
Cost brought forward – 1 Jan. 2014	0	2,522	2,522
Capital contribution	-	-	-
Issue of shares	-	-	-
At cost carried forward – 31 Dec. 2014	0	2,522	2,522

Investment - 2013

	NewDay Reserve Funding Ltd	NewDay Ltd	Total
	£'000	£'000	£'000
Cost brought forward – 1 Jan. 2013	0	2,522	2,522
Capital contribution	-	-	-
Issue of shares	-	-	-
At cost carried forward – 31 Dec. 2013	0	2,522	2,522

The principal place of business of both NewDay Reserve Funding Ltd and NewDay Ltd is in the United Kingdom.

Notes to the financial statements (continued)

18. Share capital and reserves

	As at 31 December 2014 £'000	As at 31 December 2013 £'000	As at 1 January 2013 £'000
Share capital	3,340	3,340	3,340
Capital contribution	9,411	9,411	9,411
Share premium	11,096	11,096	11,096
	23,847	23,847	23,847

Called up share capital Ordinary shares (£0.10)

	<i>Issued share capital</i>	
	Number of shares	Nominal value £'000
Subscriber shares on incorporation	33,400,695	3,340
Issue of shares	-	-
As at 31 December 2014	33,400,695	3,340

Called up share capital Ordinary shares (£0.10)

	<i>Issued and fully paid</i>	
	Number of shares	Nominal value £'000
Subscriber shares on incorporation	33,400,695	3,340
Issue of shares	-	-
As at 31 December 2013	33,400,695	3,340

Called up share capital Ordinary shares (£0.10)

	<i>Issued and fully paid</i>	
	Number of shares	Nominal value £'000
Subscriber shares on incorporation	33,400,695	3,340
Issue of shares	-	-
As at 1 January 2013	33,400,695	3,340

The Company was incorporated on 3 January 2001 with an authorised share capital of 33,400,695 £0.10 ordinary shares.

The shares are non-redeemable and hold full rights in respect of voting and entitle the holders to full participation in respect of equity and in the event of winding up of the company. The share capital is wholly owned by NewDay Group Ltd.

In accordance with the Companies Act 2006, the Company has no "authorised capital" other than its issued capital. These shares rank equally in respect of rights attached to voting, dividends and in the event of winding up. No dividend was proposed or paid during the period.

The Company's capital is represented by the capital and reserves attributable to equity holders. The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006, with which it complies. The Company manages its capital and reserves in order that there is sufficient capital to meet the needs of the Company in its operations.

Notes to the financial statements (continued)

19. Fair value of financial instruments

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Fair value of financial instruments carried at cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements:

	Level 1	Level 2	Level 3	Total fair value	Carrying amount
	£'000	£'000	£'000	£'000	£'000
As at 31 December 2014					
Financial assets					
Loans and advances to banks	-	34,628	-	34,628	34,628
Other assets	-	-	24,053	24,053	24,053
Total financial assets	-	34,628	24,053	58,681	58,681
Financial liabilities					
Other liabilities	-	-	(53,944)	(53,944)	(53,944)
Total financial liabilities	-	-	(53,944)	(53,944)	(53,944)

	Level 1	Level 2	Level 3	Total fair value	Carrying amount
	£'000	£'000	£'000	£'000	£'000
As at 31 December 2013					
Financial assets					
Loans and advances to banks	-	23,409	-	23,409	23,409
Other assets	-	-	55,082	55,082	55,082
Total financial assets	-	23,409	55,082	78,491	78,491
Financial liabilities					
Other liabilities	-	-	(75,221)	(75,221)	(75,221)
Total financial liabilities	-	-	(75,221)	(75,221)	(75,221)

Loans and advances to banks:

These items have a short term maturity (usually less than three months) and it is assumed that the carrying amounts approximate to their fair value. These have been classified in level 2 because these items can be re-priced using market observable inputs.

Notes to the financial statements (continued)

Other assets:

Other assets are made up mostly of amounts due from other group entities – refer to note 13 for a detailed description of the balances. The fair value of these balances approximate their carrying amount as there have been no significant change in market conditions that would have caused a difference between the two values. There are no observable inputs to consider in the valuation of these instruments.

Other Liabilities:

Other liabilities are made up of mostly accounts payables. The fair value of the other liabilities approximates the carrying amount because there have been no factors that would have caused a difference between these two values. There are no observable inputs to consider in the valuation of these instruments.

20. Risk Management

Risk is inherent in the Company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls, however due to the nature and extent of the Company's operations, it faces limited financial risk exposure. The Company performs all operational aspects of portfolio servicing, including risk management, under the servicing agreement with NewDay Funding Transferor Ltd and NewDay Partnership Transferor Ltd. The Company's responsibility for overall risk management approach and for approving the risk management strategies and principles lies with the Board of NewDay Group Ltd (the "NGL Board"), which has established Board sub-committees and senior management committees whose responsibilities include:

- overseeing the risk management process
- identifying the key risk facing the business, and
- assessing the effectiveness of planned management actions.

Risks are identified, managed and mitigated using the Risk Appetite Statement Framework, which embodies the Group's risk appetite objectives and works alongside the Group's strategy, both of which are approved by the NGL Board. The Group's risk appetite is built into policies, authority levels and limits across the business. Governance is maintained through delegation of authority from the NGL Board supported by a committee based structure designed to ensure that our risk appetite, policies, procedures, controls and reporting are fully in line with regulations, law, corporate governance and industry best practice. Board level engagement, supported by business wide senior management involvement in risks facing the Group ensures that issues are promptly escalated and remediation plans are initiated where required.

The principal risks faced by the Company are credit risk, liquidity and funding risk, regulatory and conduct risk and operational risk. A summary of these risks is included below:

Credit risk

Credit risk is the risk of loss arising from counterparty defaults, most significant of which are credit card customer defaults. All credit card balances in the Group sit in NFL and NPT and therefore, the Company has no direct exposure to customer defaults. The key debtors to the Company are the two aforementioned companies, and based on the structure and the payment agreements governing the payments between them, the Company is the most senior creditors to be paid back from the cash payment of the receivables. This creates a very low credit risk for the Company. The maximum exposure to credit risk would be the receivable balances on the balance sheet. Credit risk is monitored to ensure that the Company's debtors are able to meet their obligations to the company when due.

Liquidity and funding risk

Liquidity and funding risk is the risk that the Company is not able to meet its liabilities when they are due under normal conditions, and under a liquidity stress as defined by the internal stress requirements computed and analysed at the Group level or can do so only at excessive cost. Liquidity risk is managed by ensuring the Company is sufficiently capitalised and has adequate working capital to meet its day-to-day operating requirements. All of the Company's liabilities are due within 30 days.

Notes to the financial statements (continued)

Regulatory and conduct risk

Regulatory and conduct risk is the risk of loss arising from a breach of existing regulations or that the Company does not adhere to the changing regulatory environment in which it operates. The Company operates in an environment where regulatory scrutiny is increasing due to focus on payday and non-standard lenders.

Full regulatory compliance, reporting and monitoring is provided by the Company under the servicing agreement and falls under the Group wide regulatory compliance framework, which includes periodic compliance updates and where appropriate escalation by exception. The Directors are confident that the Company is well placed to meet all of its regulatory requirements.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk includes IT, information security, project, outsourcing, tax, legal, fraud and compliance risks.

Certain elements of the Company's operations in respect of the servicing of cardholders accounts on behalf of NFL and NPT are outsourced to major card issuers and a major card service providers under separate Card Servicing Agreements ("CSA"). Each CSA details certain minimum servicing levels across all cardholders. Management constantly monitor these service levels and financial penalties are applied for pre-determined breaches.

21. Controlling party and consolidation

The Company's immediate parent is NewDay Group Ltd, a company registered in England and Wales (registered number 7753556) which is a wholly owned subsidiary of the ultimate parent NewDay Group Holdings S.à r.l.

The Company has elected to prepare separate financial statements and applied the exemption from consolidation available under IAS 27. The financial statements of the Company and its subsidiaries, as listed in note 17, are consolidated into the Group financial statements of NewDay Group Holdings S.à r.l. on the basis of risks and rewards held. Copies of NewDay Group Holdings S.à r.l. consolidated financial statements are available from our website www.newday.co.uk or its registered offices at:

6C rue Gabriel Lippmann
L-5364 Munsbach
Grand Duchy of Luxemburg

22. Related party disclosures

	Year ended 31 December 2014	As at 31 December 2014
	£'000	£'000
Related parties		
Amounts owed to related parties	-	(10,862)
Interest to related parties	464	-
Amounts due from related parties	-	23,994
Interest from related parties	(85)	-
	Year ended 31 December 2013	As at 31 December 2013
	£'000	£'000
Related parties		
Amounts owed to related parties	-	(35,179)
Interest to related parties	210	-
Amounts due from related parties	-	48,774
Interest from related parties	(7)	-

Notes to the financial statements (continued)

As at
1 January 2013

£'000

Related parties

Amounts owed to related parties

(25,386)

Amounts due from related parties

21,532

The Company has loans to Directors of the Company. Details of these loans are at note 13.

Year ended
31 December
2014

Year ended
31 December
2013

£'000

£'000

Servicing fees

NewDay Partnership Funding Plc

112,483

51,870

NewDay Funding Ltd

66,996

53,826

179,479

105,696

The Company receives servicing fees from NewDay Funding Transferor Ltd and NewDay Partnership Funding Ltd in connection with servicing of their credit card portfolios. These amounts are detailed in the table below. Both companies are consolidated into the financial statements of NewDay Group Holdings S.à r.l. and hence are considered related party to the Company.

All other related party transactions during the period were made on terms equivalent to those that prevail in arm's length transactions.

Credit card balances to key management personnel as at 31 December 2014 were £1,323 (2013: £3,800)

23. Contingent liabilities, commitments and leasing arrangements

The Company has entered into commercial leases for the premises and equipment. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum lease payments under non-cancellable operating leases as at the following dates are, as follows:

	Within 1 year	1 to 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000
31 December 2014				
Operating lease commitments	1,698	6,285	4,814	12,797
	1,698	6,285	4,814	12,797
31 December 2013				
Operating lease commitments	-	130	2,550	2,680
	-	130	2,550	2,680
1 January 2013				
Operating lease commitments	-	130	-	130
	-	130	-	130

Notes to the financial statements (continued)

24. Transition to IFRS

As a result of the transition to IFRS, the company has reclassified certain costs to align with the classification of the NewDay Group Holdings S.à r.l financial statements under IFRS.

Certain marketing expenses have been reclassified from marketing costs to administrative costs. Service fees received which are eliminated in the Group accounts are reclassified to revenue from servicing costs. A fair value adjustment in relation to a Directors loan has been reported under UK GAAP as finance costs but under IFRS these amounts are classified as other operating expenses. There has been no impact on the total comprehensive income or total equity as a result of these reclassifications.

Under UK GAAP, a loan of £1,313,000 to a Company Director was classified as Other assets where as it is presented as Loans and receivables under IFRS. This loan was issued during the 2013 year and does not impact the 1 January 2013 balance. This reclassification has had no impact on the net assets of the Company.

Tax payable is required to be disclosed separately under IFRS. At 31 December 2013, a total of £1,257,000 has been included in Other liabilities under UK GAAP where the underlying amounts should be disclosed as tax payable under IFRS. At 1 January 2013, this amount was £148,000.

All of the above reclassifications have had no impact on the Company's equity.

25. Events after the reporting date

The Company monitors events after the balance sheet date. There have been no material events after the balance sheet date to report.