

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

Registered Number 05536115

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Strategic report

Principal activities and business review

During the year ended 31 December 2021 the principal activity of Everyday Loans Limited (“the Company”) was the sourcing, provision and servicing of secured and unsecured personal instalment loans through its wholly owned subsidiary Everyday Lending Limited for which the Company received service income. On 1 January 2022, the trading operations, assets, and employees of the Company were transferred to Everyday Lending Limited, refer to note 33 for further details. Subsequent to the transfer, Everyday Lending Limited sources and services its loan portfolio itself, with Everyday Loans Limited continuing to provide management services.

Compliance plays an important part in the success of the Company. The Company is authorised by the Financial Conduct Authority (FCA) to sell loan related products.

On 3 August 2020 the Company’s ultimate parent company Non-Standard Finance Plc “NSF” announced that, as part of a multi-firm review into the guarantor loans sector, the FCA had a number of concerns regarding certain aspects of the operating procedures at the guarantor loans division (‘GLD’) within the Company’s direct subsidiary, Everyday Lending Limited.

Furthermore, the FCA raised concerns regarding possible read-across for branch-based lending division (‘BBL’) of Everyday Lending Limited from their multi-firm review into guarantor loans and from recent decisions at the Financial Ombudsman Service. The NSF Group launched an immediate and in-depth review, working closely with the FCA, to clarify the scope and scale of its concerns. Progress has been made during 2021, with the FCA concluding that there were no issues for BBL and confirming the proposed redress methodology in GLD, although management continue to discuss the operational practicalities of the scheme with the regulator.

On 30 June 2021 having completed a detailed review of GLD and its prospects, the Board of NSF Plc concluded that shareholder interests would be best served by placing the division into a managed run-off and ultimately closing the business. Whilst hugely disappointing, collecting out the loan book is the only rational conclusion given the combined impact of the pandemic, the FCA review into guarantor loans and the expected increase in costs in order to meet revised FCA requirements that would necessarily impede any potential recovery in profitability in the future.

Following the FCA’s detailed review of the Company’s proposed redress methodology, the Company is continuing to work with the FCA on finalising the operational mechanics of the scheme. The NSF Board is hopeful that this will soon be finalised in order to provide certainty for NSF investors, so that it can then proceed with the Capital Raise (the ‘Capital Raise’) during 2022. The Capital Raise, if successful, will be used to fund customer redress as well as strengthen the NSF Group’s balance sheet and transform its prospects. Further information on the Capital Raise is available from the NSF Plc Annual Report for the year ended 31 December 2021, via the website [nsfgroupplc.com](https://www.nsfgroupplc.com).

The Company has tested investments in subsidiary undertakings as at 31 December 2021 for impairment and has assessed the investment in Everyday Lending Limited to be impaired resulting in an impairment charge of £2.4m (2020: £37.2m). The investment in Everyday Lending Limited at the balance sheet date was £9.7m (2020: £12.1m).

During the year the Company made a loss of £11.9m (2020: £26.2m) and has net assets of £7.3m (2020: £19.2m). The statement of comprehensive income and the statement of financial position are set out on page 21 and 22 respectively.

Key performance indicators

The value of Everyday Lending Limited’s portfolio of loans, which is serviced by Everyday Loans Limited is considered to be the most important key performance indicator. As at the date of this report, the portfolio being serviced amounted to £183.8 million (2020: £231 million), a decrease of 21% (2020: increase of 28%) over the prior year. Having returned to month-on-month loan book growth in June 2021 and with the removal of most government restrictions on social contact in England in July 2021, a trend of month-on-month growth in the loan book continued until the fourth quarter when, despite a good flow of leads, lending volumes were impacted by a more cautious approach to lending as well as the emergence of the Omicron coronavirus variant. At the same time however, collections remained strong throughout 2021 and so while the number of new borrower loans booked was up 15% and the total volume of loans written was up 13%, this was not sufficient to restore annual loan book growth and the net loan book declined by 21%.

Strategic report

As a face-to-face lender, restrictions on social distancing as a result of the pandemic placed a significant strain on the Company business model, impacting our ability to deliver benefits for key stakeholders. However, the business was able to adapt and maintain a high level of service to our customers. Given the continued uncertainty regarding the impact of the pandemic on the UK economy and the outlook for consumer credit generally, we remained cautious on expanding our footprint and opened just one of the branches that had been mothballed in 2020 taking the total number to 75 (2020: 74 branches).

Key performance indicators in relation to the Everyday Lending Limited's loan portfolio:	2021	2020
Number of branches	75	74
Period-end customer numbers (000)	80.5	94.3
Period-end loan book (£m)	183.8	231.3
Average loan book (£m)	203.9	279.2
Loan book liquidation	(20.5%)	(27.8%)
Revenue yield	33.5%	42.8%
Risk adjusted margin	25.9%	22.9%
Impairment/revenue	22.8%	46.5%
Impairment/average loan book	10.5%	19.9%
Return on assets	1.2%	(12.8)%

Principal risks and uncertainties

The Company regards the monitoring and controlling of risks as a fundamental part of the management process. Consequently, senior management are involved in the development of risk management policies and in monitoring their application. The Company's risk management policies are set out in note 4 of the financial statements.

The Company faces a number of potential risks that could have a material impact on overall performance of the Company and its direct subsidiary undertakings as a result of the manifestation of the risks that it faces, which might cause financial results to differ materially from both expected and historic results.

A highly uncertain macroeconomic environment and a number of business specific issues meant that the overall risk profile facing the Company and its direct subsidiary undertakings remained high during 2021. Key risks included that: the costs of customer redress in guarantor loans might be higher than expected; the independent review into branch-based lending might identify some systemic issues, triggering a possible requirement for substantial redress to current and/or former customers; the Capital Raise is not successful, or takes longer to execute than planned; the financial performance of the NSF Group ('the Group') is worse than expected; and so as a result, the Group breaches its loan covenants and the firm could become insolvent.

Throughout 2021, Xactium, the Group's integrated risk management system, helped the Company to record and manage such key risks as they emerged and/or evolved. The framework provided supported our first line risk management activity and also helped to provide executive management and the Board with clear second line oversight across the Company. It also helped the Board to identify those areas where third line oversight might be required.

As well as having a well-founded risk management framework in place, the dedication and hard work of all of our staff were instrumental in helping the Company to navigate what was a significant macroeconomic shock.

The principal risks facing the Company are set out below.

Funding and liquidity

The Company may not be able to meet its financial obligations because:

- it is unable to borrow to fund lending by its direct subsidiary Everyday Lending Limited;
- it has failed to renew/replace existing debt facilities as they become payable;
- it cannot fund growth;
- declines in net book value within its direct subsidiary may impact the Company's ability to access existing debt facilities.

Strategic report

Regulation

The Company's direct subsidiary undertakings face significant operational and financial risk through changes to regulations, changes to the interpretation of regulations or a failure to comply with existing rules and regulations. All authorised firms are subject to a rigorous approval process as well as ongoing supervision by the FCA. Non-compliance can result in fines, the payment of redress to customers or loss of authorisation to operate. Decisions by the FOS may change the way in which FCA rules are interpreted, increasing the likelihood that complaints may be upheld and increasing the total cost of redress to customers that may have suffered harm.

Conduct

Risk of poor outcomes for the Company's customers or other key stakeholders as a result of that company's actions.

Credit

Risk of loss through poor underwriting or a diminution in the credit quality of the Company's customers.

Business strategy

Risk that the Company's strategy, or that of its direct subsidiary undertakings fail to deliver the outcomes expected.

Business risks

- Operational – the Company and its direct subsidiary undertakings activities are large and complex and so there are many areas of operational risk that include technology failure, fraud, staff management and recruitment risks, underperformance of key staff, the risk of human error, taxation, increasing numbers of customer complaints, health and safety as well as disaster recovery and business continuity risks;
- Reputational – a failure to manage one or more of the Company's principal risks may damage the reputation of the Company or any of its subsidiaries or its parent NSF Plc, which in turn may materially impact the future operational and/or financial performance of the Company;
- Cyber – increased connectivity in the workplace coupled with the increasing importance of data and data analytics in operating and managing consumer finance businesses means that this risk has been identified separately from operational risk; and
- COVID-19 – a large pandemic such as COVID-19, coupled with restrictions on face-to-face contact as required by HM Government during 2020 and 2021, may cause significant disruption to the operations of the Company and its subsidiary undertakings and severely impact the supply and level of demand for their products. Any sustained period where such measures are in place could result in the Company and its direct subsidiary suffering significant financial loss.

Strategic report

Section 172(1) of the Companies Act 2006 ; Duty to promote the success of the Company

A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) *the likely consequences of any decision in the long term;*
This means the directors are not just thinking about short-term needs and also considers carefully the likely impact of its decisions on the Company's long term prospects and value.
- (b) *the interest of the Company's employees;*
Our staff act as the interface with our customers and so are key to long-term success.
- (c) *the need to foster the company's business relationships with suppliers, customers and others;*
The Company draws upon the services and skills of a variety of different suppliers and other stakeholders to provide a quality service to its customers. Building and sustaining these relationships is an important factor for the Company's long-term success.
- (d) *the impact of the company's operations on the community and the environment;*
If the Company fails to respect how it affects communities, it may face significant challenges to its business from a variety of stakeholders including customers, regulators and government.
- (e) *the desirability of the company maintaining a reputation for high standards of business conduct;*
A company's reputation is hard won and easily lost – maintaining high standards through a strong and positive culture as well as good governance is vital for building and sustaining long-term value and
- (f) *the need to act fairly as between members of the company;*
The interests of all members are considered and treated fairly.

Strategic report

Engaging with our stakeholders

Stakeholder	Why we engage	Key issues	How we manage	Actions and outcomes
Customers	Our customers are at the centre of our business model. Should we deliver a poor service or treat our customers unfairly, we are unlikely to meet our long-term financial and strategic objectives.	<ul style="list-style-type: none"> • We aim to design and tailor our products to meet our customers' needs at a price they can afford. • Ensuring we lend and collect responsibly and in compliance with latest FCA rules and guidance and take account of the latest decisions at the Financial Ombudsman Service. • Having an effective complaint handling process. 	<ul style="list-style-type: none"> • Face-to-face contact represents an important part of the lending process in branch-based lending, providing immediate feedback on how we are performing and how we might improve. Whilst COVID-19 increased the appeal of remote channels for many customers, we continue to believe that meeting face-to-face is an important opportunity to gain a deeper understanding of the customer needs whilst also building a long-term relationship. • We also engage extensively via telephone, email and web. • Third-party customer satisfaction surveys and online recommendation engines. • We also work hard to ensure that if something goes wrong, our complaint handling processes deliver fair and appropriate outcomes. Numbers of complaints and root cause analysis are datapoints that we track and monitor closely. 	<ul style="list-style-type: none"> • Updated processes and systems embedding FCA guidance on COVID-related forbearance. • Amended face-to-face lending processes to comply with government guidelines. • Key learnings from assurance reviews are captured and once understood and assessed, are embedded into our policies and procedures; training; organisation structure; and incentive arrangements. • All complaints are tracked, analysed and fed back into business practice and the Company's 'good customer outcomes dashboard'. Upheld decisions by the FOS are also taken into account. • Everyday Loans Limited has received a number of awards in recognition of its focus on consumers.
Regulators	Maintaining a regular and open relationship with regulators is key. Through our engagement we aim to respond promptly to questions and ensure the regulator remains well-informed about our own performance, market dynamics and how any existing or proposed regulatory changes may impact consumers and the workings of the non-standard finance market more generally. As outlined in the Strategic Report, during the last couple of years, the level of engagement has been extensive as we sought to resolve a number of outstanding regulatory issues.	<ul style="list-style-type: none"> • Completing the regulatory reviews into branch-based lending. • Finalising the proposed redress methodology for certain customers of the guarantor loans business. • Sustaining a positive business culture is a key driver of behaviour within firms. • Creditworthiness and affordability – ensuring that appropriate and proportionate checks are conducted at the point of lending. • Vulnerable customers – ensuring their circumstances are taken into account throughout the customer lifecycle. • Claims management – proper handling of claims in a timely manner with root cause analysis and noting any implications from recent and relevant FOS cases. 	<ul style="list-style-type: none"> • We maintain a regular dialogue with the FCA, as part of its ongoing supervision process. • We also engage at a more strategic level through periodic face-to-face meetings and by responding to relevant consultations, policy documents and research. • We continue to keep the FCA and other regulatory bodies, including HM Treasury, fully informed regarding the Company's broader strategic plans. 	<ul style="list-style-type: none"> • Culture is monitored closely at both Company and NSF Plc Board level through a series of measures that are monitored as part of a continuous assessment process. • A 'three lines of defence' model is in place to identify and address any potential regulatory risks. • Following the FCA's review into guarantor loans we developed a redress methodology for customers deemed to have suffered harm to ensure that all affected customers receive their full redress amount. • We also take note of other sector developments to ensure that any read-across to our own business is assessed and any adjustments to processes and procedures made. • We respond to periodic information requests from the FCA that continues to track the performance and dynamics of the market.

Strategic report

Employees	As a relationship lender, our workforce is a key enabler in the execution of our business strategy and in the deployment of our business model.	<ul style="list-style-type: none"> • Despite the challenges of the past couple of years, our staff appear to be generally happy in their work. • Arcas for management focus include work/life balance, opportunities for career progression, remuneration and benefits, management processes as well as ideas to improve working practices and profitability. • Promotion of a positive business culture and our core values and behaviours through a variety of different channels. 	<ul style="list-style-type: none"> • Comprehensive induction process for new joiners. • Continuous programme of training and development for staff. • Online training modules provide a clear audit trail for each participant. • Regular intranet communications and engagement surveys. • Regular meetings by senior management online as well as face-to-face, whenever possible. • Management conferences and workforce forums. 	<ul style="list-style-type: none"> • Whilst most businesses are now 'back in the office', there is still a proportion of staff that are continuing to work from home with reduced levels of personal contact with colleagues. As a result, we continue to work hard to ensure that all staff remained connected to the business through regular video/phone calls as well as through other channels (newsletters, intranet, email). • We continue to review best practice and monitor government advice as we seek to ensure that appropriate safeguards are in place to ensure a safe working environment for our people. • A number of staff were made redundant in 2021 and we always approach such situations professionally and sensitively. • We seek to maintain regular contact with all staff, including those that may be working from home to identify any mental health or other issues.
Partners and suppliers	Culturally, we are focused on ensuring we are professional at all times and want to establish a reputation as being a reliable customer with whom other firms can and want to do business.	<ul style="list-style-type: none"> • Maintaining an effective procurement process. • Ensuring that the quality of the services being supplied meets the standards expected. • Confirmation that suppliers are also fulfilling their broader obligations of good business practice including issues such as diversity, gender pay, modern slavery and anti-bribery and corruption. • We monitor supplier payment terms to ensure we pay them within the constraints of the Prompt Payment Code. 	<ul style="list-style-type: none"> • We have clear procurement policies with proper oversight over all material contracts. • We seek to maintain strong relationships through regular meetings and contact by phone. • For a limited number of services such as insurance, we can sometimes arrange supply on a Group-wide basis. Other key suppliers include financial brokers, credit reference agencies and providers of data storage. 	<ul style="list-style-type: none"> • If a supplier falls short of the standards we expect or if there is a risk that continuing our relationship may compromise the Company's reputation or business prospects, then we will look to replace them with a comparable alternative, having already identified a number of these at the time of the original tender.

Strategic report

Environment	<p>It is clear that environmental, social and governance ('ESG') issues are becoming increasingly important for many of our key stakeholders including customers, staff, investors and HM Government.</p>	<ul style="list-style-type: none"> • Determining our impact on the environment as well as how the environment might create additional risks and opportunities for the NSF Group. Formulating a strategy to address and manage such risks and opportunities, including targets and milestones over the short, medium and long term. • Use of energy and natural resources as well as the level of CO2 and other emissions produced directly and indirectly. • Supply chain, workforce management. • Preparing disclosures to assist stakeholders in assessing the potential impact of such risks and opportunities on the current and future prospects of the NSF Group. 	<ul style="list-style-type: none"> • Whilst we are a small company compared with many others and given the nature of our business, we do not believe that we have a material impact on the environment. However, we are keen to minimise any impact that our activities might have. • The NSF Group qualified for the Energy Savings Opportunity Scheme ('ESOS'), established by the Energy Savings Opportunity Scheme Regulations 2014. • Having implemented a strategy to comply with the ESOS requirements, since confirmed by a third-party review and submitted to the Environment Agency, a further audit will be conducted in two years' time. 	<ul style="list-style-type: none"> • A full period of office working meant that resource usage increased although a smaller fleet in home credit meant that mileage and CO2 emissions reduced in 2021. • The NSF Group are developing a strategy and plan to enhance the Group's assessment and disclosure of ESG targets and related issues so that we will comply with future regulations and to help drive better decisions and long-term performance. • An update on the estimated volume of CO2 production from car mileage and volume of water and electricity used during 2021 together with comparisons with 2020 is available in the NSF Plc Annual Report for the year ended 31 December 2021, via the website nsfgroupplc.com.
Communities and charity	<p>A key feature of our business is that we seek to meet our customers face-to-face through extensive national networks. As a result, being a valued member of the towns and cities where we have a physical presence is key. With 75 branches across the UK, we are already embedded within the communities where our customers, suppliers, regulators and other key stakeholders are based.</p>	<ul style="list-style-type: none"> • Providing credit to many that have perhaps been excluded by mainstream providers can be an important lifeline and places a significant responsibility on us to get things right. • If we make poor lending decisions this can harm customers, damage company reputation in the community and damage our long-term business prospects. 	<ul style="list-style-type: none"> • Our cultural focus of 'doing the right thing' is embedded within our lending practices. • As well as being a stand-out employer providing quality services to our customers, we also aim to put something back into local communities through both physical as well as financial contributions. • We support debt-related charities such as Loan Smart and also ask our staff which other charities they would wish to support at the beginning of each year. 	<ul style="list-style-type: none"> • In 2021 the NSF Group donated a total of £16,050 (2020: £132,260) to a range of charities including Loan Smart that seeks to help raise awareness about the dangers of illegal lending. • As well as financial donations, our staff also take part in community-based events such as the 'Bite back action week' that took place in Milton Keynes in November 2021. A series of events, in conjunction with Loan Smart, Milton Keynes Council, Thames Valley Police and the Illegal Money Lending Team were organised to help raise awareness about the dangers of using illegal lenders as an alternative source of credit.

Strategic report

Business model

The pandemic placed a significant strain on the business model of the Company and its direct subsidiary undertakings, impacting their ability to deliver benefits for key stakeholders. But, despite the challenges faced, the business remained focused on delivering high levels of service to our customers – a service that they recognise and value.

Long term funding

The NSF Group uses equity and significant long-term debt facilities to help fund its business.

Culture

Providing customers with ‘a helping, but firm hand’ is an approach that is embedded deeply within our Company and its direct subsidiary undertakings.

Infrastructure

The branch-based lending division within the Company’s direct subsidiary undertakings is well-invested and highly scalable.

Compliance and risk management

Managing risk is a key area of focus, we don’t cut corners and know when something is not right.

Management

Attracting and retaining the best talent is key for our long-term success.

Business developments in 2021

The continued challenges presented by the pandemic meant that while the Company delivered a much-improved financial performance versus the prior year, the Company was still loss making after tax. The re-introduction of restrictions interrupted the recovery in lending within the Company’s direct subsidiary Everyday Lending Limited which, in conjunction with a robust collections performance, meant that the combined net loan book fell by 21% to £184m.

The guarantor loans division of the Company’s direct subsidiary undertakings has been placed into a managed run-off and did not write any new loans in 2021 but has continued to collect out existing loan balances.

During 2021, the NSF Group commissioned an independent review of the branch-based lending division of the Company’s direct subsidiary, Everyday Lending Limited, to consider the read-across from the multi-firm review into guarantor loans and from recent decisions at the Financial Ombudsman Service. The review concluded that there is no requirement for any customer redress in the branch-based lending division.

Effective 1 January 2022 the trading operations, assets and employees of the company were transferred to its wholly owned subsidiary, Everyday Lending Limited. Assets transferred exclude any inter-company loans and cash. The net book value of the assets and liabilities resulted in a net liability transfer of £1.5m.

Actions and plans for 2022

Whilst the fallout from the pandemic, Brexit and more recently the Ukrainian crisis means that macroeconomic uncertainty remains high, recent trading in the Company’s direct subsidiary Everyday Lending Limited has been slightly ahead of management’s expectations. Whilst lending volumes in January and February 2022 were a little better than expected, collections and impairment performance has been much better with the result that the NSF Group (the ‘Group’) overall early performance for the year to date has been promising.

Given the further losses in 2021 plus those accumulated in prior years, as at 31 December 2021 the Company did not have any distributable reserves and so is unable to pay cash dividends. Assuming the Capital Raise is successful, the Company intends to create additional distributable reserves so that, when and if appropriate, the Board can consider the distribution of dividends to shareholders at some point in the future.

The outlook for the Group is entirely dependent upon concluding the discussions with the FCA and completing the Capital Raise as planned. If successful, such a capital raise would fund the payment of agreed customer redress, strengthen the Group’s balance sheet and significantly reduce the prospect of any future covenant breach. The Board believes that the Capital Raise is the best course of action in order to avoid insolvency, to safeguard the interests of shareholders and other stakeholders and to underpin future growth.

Strategic report

However, should the Capital Raise be unsuccessful or take longer than expected to execute, then it is expected that the Group would remain in a net liability position from a balance sheet perspective, would breach certain borrowing covenants and as a result would likely not be able to access further funding over the period of breach and would require additional waivers from its lenders. In such circumstance, there would be a material risk of the Group going into insolvency. However, the Directors continue to believe there is a reasonable prospect of resolving this position.

Assuming the Capital Raise is completed as planned, our focus in 2022 is to recover the ground lost due to the pandemic and following the enormous structural changes to our business over the past two years. As outlined in the 2021 financial review, this recovery will be dependent on us restoring the momentum in Everyday Lending Limited's branch-based lending business through a combination of investment in staffing, technology and process-driven productivity improvements and a steady recovery in demand for non-standard consumer credit.

Given the Group's pre-eminent position in branch-based lending, the Board continues to believe that, subject to funding, the current business environment represents a significant opportunity for the Group. In the past, when UK consumers have faced periods of macroeconomic difficulty and stress, the non-standard consumer lending sector enjoyed a marked increase in demand as the number of consumers that were unable to access mainstream credit increased. At the same time, we have seen a significant reduction in the supply of regulated non-standard consumer credit that may provide an additional opportunity for the Group to take market share as we continue to serve the very large numbers of UK consumers that are unable or unwilling to access regulated mainstream credit.

Approved and signed by the Board of Directors by

J Wiggins
Director



Date:

31/5/2022

Directors' report

The directors submit their annual report and the audited financial statements for the year ended 31 December 2021.

Results for the year

The loss for the year was £11.9m (2020: £26.2m loss).

Dividend

The Company did not pay an interim dividend during the year (2020: £nil) and the directors do not propose the payment of a final dividend (2020: £nil).

Directors

The following directors served throughout the year, except where noted below:

J Wiggins	Executive Director
M Flint	Executive Director (Resigned 15 July 2021)
A Forsyth	Executive Director (Appointed 26 March 2021)
P Reynolds	Non-Executive Director (Resigned 6 May 2022)
P Gill	Non-Executive Director (Resigned 31 March 2022)
J Gillespie	Non-Executive Director
J de Blocq van Kuffeler	Non-Executive Director (Appointed 19 May 2020, Resigned 31 August 2021)

J Gillespie is also a director of the ultimate parent company, Non-Standard Finance plc.

Directors' interests

No director had a beneficial interest in shares of the Company during the financial year and up to the date of signing of this report (2020: nil). All directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Directors' indemnities

The Company's Articles of Association permit it to indemnify the Directors of the Company (or of any associated company) in accordance with section 234 of the Companies Act 2006. No indemnities were provided, and no payments were made during the year. There were no other qualifying indemnities in place during the period.

The Company has in place Directors' and Officers' Liability insurance which provides appropriate cover for any legal action brought against its directors.

Matters covered in the Strategic Report

The Company has chosen to set out the following information within the Strategic Report; principal activities and business review, principal risks and uncertainties, and future developments.

Employees

The skills, motivation and energy of our workforce are key drivers for our success. The company structures and group-wide intranet help to ensure that all staff are aware of our corporate goals and are clear on how their roles help the Company and NSF Group ('the Group') as a whole to succeed. We seek to ensure that all employees and potential employees receive equal treatment (including access to employment and training) regardless of their age, disability, gender reassignment, marital or civil partner status, pregnancy and maternity, race, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. This policy includes those who might become disabled during their period of employment by the Company.

During 2021, the Group continued to invest significantly in supporting the emotional and mental wellbeing of its workforce, with various initiatives in each operating division, including the expansion of 'mental health first aiders' across the Group to support staff regardless of whether they were in the office or working remotely.

As part of our commitment to treating customers fairly, delivering excellent service and lending responsibly, it is the Group's policy to have in place appropriate processes to offer career and job development opportunities to all employees.

Directors' report

The Company is committed to adopting employment practices which follow best practice and has an employee Save As You Earn share scheme which was put in place to provide employees with an opportunity to share in the Company's future success. Whilst the Board recognises that the current scheme is not attractive to employees, it is expected that additional programmes aimed at enhancing employee engagement further will be developed following the Capital Raise.

Environmental, Social and Governance-related risks and opportunities

The directors regularly review the Company's impact on the environment and has concluded that at present, due to the small size of the Company and the nature of its business, it has a minimal impact. However, the Company's ultimate parent company NSF Plc has now captured certain environmental data and during the course of 2019 undertook the necessary assessment to comply with the ESOS, and the confirmation of our compliance has been notified to the Environment Agency.

In addition, NSF Plc is developing a strategy to meet the requirements of the Taskforce on Climate-Related Disclosures ('TCFD') that are expected to come into force in April 2022, for disclosure in 2023. Climate related disclosures however are only one part of the three-legged stool that is ESG. Both social and governance-related disclosures, many of which the NSF Group is already making, will also continue to be required as part of the NSF Group's annual reporting cycle.

Meeting these requirements will require some additional work and 'good management' of ESG risks will inevitably come with some additional cost to the Company. However, the Board believes that poor understanding and management of such risks will incur much greater costs for the Company (operational inefficiencies, regulatory sanction, poor reputation amongst consumers, investors and lenders) and society at large as a result of climate change.

As a result, the NSF Group is developing: (i) a clear process of governance to ensure proper oversight of the management of such risks and opportunities; (ii) a clear strategy to address such risks and opportunities that will be embedded within the overall Group's business strategy; (iii) a process to assess and manage any material risks and opportunities identified; and (iv) a series of KPIs to track the performance of such risks and opportunities against clear goals and targets.

Financial instruments

Details of the financial risk management objectives and policies of the Company and the exposure of the Company to market, interest rate, credit, capital management and liquidity risk are included in note 4 to the financial statements.

Branch-based lending review

In April 2021 the NSF Group commissioned a detailed and independent review of its lending and complaints handling activities within the branch-based lending division of the Company's direct subsidiary undertakings. The review concluded that there is no requirement for any customer redress in the division.

Subsequent events

Effective 1 January 2022 the trading operations, assets and employees of the company were transferred to its wholly owned subsidiary, Everyday Lending Limited. Assets transferred exclude any inter-company loans and cash. The net book value of the assets and liabilities resulted in a net liability transfer of £1.5m.

Going concern

In adopting the going concern assumption in preparing the financial statements, the Company Directors have considered the activities of the Company and that of its ultimate parent Non-Standard Finance plc ('NSF'). The principal activity of the Company is a holding company. As such, the Company's base case is highly dependent on that of its direct and indirect subsidiaries which receive intercompany funding from NSF Finco Limited (another subsidiary within the Non-Standard Finance Group (the "Group")). NSF Finco Limited is the immediate parent of the company and acts as a debt financing vehicle for the Group and holds the external debt facilities in the form of term loan and revolving credit facilities (RCF) which in turn, have the benefit of guarantees from the Company. As the Company is a guarantor under the Group's external financing facilities and any equity contributions received would ultimately come from its ultimate parent NSF, its going concern status is directly impacted by the ultimate going concern position of the Group and therefore whilst the assessment for the purposes of these financial statements reflects that of the Company, consideration has also been made in regards to that of the Group in order to reach a conclusion on going concern.

Directors' report

During the year, the Directors assessed the forecast levels of net debt, headroom on existing borrowing facilities (which comprise a £285m term loan and a £45m RCF facility, both of which are fully drawn) and compliance with debt covenants of the NSF Group. As part of its going concern assessment, the Directors reviewed both the Group and Company's access to liquidity and its future balance sheet solvency for at least the next 12 months.

Background

The Group's guarantor loans division ('GLD') was placed into a managed run-off in June 2021. Throughout 2021, the Group was actively engaged with the FCA in order to finalise its proposed redress methodology for certain customers of GLD. Whilst there have been no significant amendments to the methodology since 2020, with the movement in provision from the prior year primarily attributable to additional penalty interest accrued as a result of the delays in commencing the programme, the Group is currently working with the FCA in order to finalise the operational mechanics of the redress programme. Therefore, as the redress programme has yet to be agreed in its entirety with the FCA, there remains uncertainty as to the costs of such programme and, although the NSF Directors believe their best estimate represents a reasonably possible outcome, there is a material risk of a less favourable outcome. The Directors note that should the Group not be able to reach agreement with the FCA regarding the mechanics of the programme such that there remains significant uncertainty regarding the quantum of potential redress liabilities, the Group will need to consider other options that can reduce such uncertainty, including a scheme of arrangement. Whilst such schemes are complex, time consuming and not guaranteed to be successful, the NSF Board believes that, were such a scheme to be pursued it would stand a reasonable chance of success and would, along with needing to extend lending facilities, allow it to proceed with its planned capital raise. The Directors therefore believe that it remains a going concern. The proceeds of the planned capital raise will be used, among other things, to fund redress payments to eligible GLD customers.

As noted in the prior year, the Group commissioned independent reviews of both its branch-based lending and home credit businesses to ensure that there were no implications for either division as a result of the multi-firm review into guarantor loans, or from recent decisions at the Financial Ombudsman Service. Whilst the review into branch-based lending (Everyday Loans) concluded that there was no requirement for any customer redress, in home credit the conclusion was that there may have been harm. Following extensive yet ultimately inconclusive discussions with the FCA about how harm should be defined and the implications for future lending, the directors of S.D Taylor Limited (trading as 'Loans at Home') reluctantly concluded that the Loans at Home business was no longer viable, leading to the business being placed into administration on 15 March 2022. The boards of Loans at Home and of NSF were clear that this was the only option available in order to preserve value for creditors. As the operations and activities of Loans at Home are separate from the rest of the Group, having received certain waivers from the Group's lenders, the administration of Loans at Home will have minimal impact on the existing funding arrangements of the Group and Company.

Going concern assessment

In light of having completed the independent review in relation to the branch-based lending division, the ongoing discussions regarding the redress programme with respect to GLD, and the fact that the home credit division has been put into administration, the Group has produced two reasonably possible scenarios as part of its going concern assessment:

- (i) the base case scenario includes a substantial equity injection in 2022 (the 'Capital Raise'); assumes the receipt of waivers from lenders for covenant breaches prior to the Capital Raise completing; assumes that there is no change to the estimate of the amount of redress payable in guarantor loans (other than additional interest); and assumes the extension of the Group's debt facilities on acceptable terms;
- (ii) the downside scenario applies stresses in relation to the key risks identified in the base case and does not include the Capital Raise.

A summary of the key assumptions used in the scenarios are as follows:

(i) Base case

The base case forecast assumes:

- the Group has obtained extensions to the testing dates and/or other forms of waivers from its lenders for potential covenant breaches to enable it to proceed with the Capital Raise;
- the extension of the Group's debt facilities on terms acceptable to investors;
- additional capital is raised during 2022 and reflects a business plan where the Group achieves further growth in later years driven by its branch-based lending division;

Directors' report

- that GLD remains in managed run-off, continues to perform in line with recent trends and that the ultimate cost of the redress programme does not differ materially from the NSF Directors' best estimate as at the date of this Annual Report (other than additional interest) and/or is an amount acceptable to potential investors;
- the home credit division remains in administration.

(ii) Downside scenario

This scenario assumes that no additional equity is raised in 2022 and also reflects stresses to the key risks described above.

Under this scenario we have assumed:

- the Capital Raise is not successful;
- the Group is unable to agree the operational mechanics of the GLD redress programme with the FCA and fails to implement a scheme of arrangement (should this be pursued) such that the Group is unable to raise sufficient capital or unable to raise sufficient capital within the required timeframes;
- higher complaint levels than expected under the base case and;
- uncertainty in the macroeconomic environment leads to higher delinquency and lower lending than expected under the base case.

Whilst the Group has obtained waivers from its lenders in relation to the administration of the home credit division (Loans at Home), its loan to value ratio was higher as at the quarter date on 31 March 2022 than the level permitted under its loan to value covenant following large interest payments made during the quarter. However, the loan to value covenant will not be formally tested, and no covenant breach or event of default will arise, until the Group provides its compliance certificate for the March 2022 quarter date. The Group has received an extension to the date on which it is required to supply this compliance certificate until 15 June 2022, with a mechanism for this date to be extended further with lender support. However, if the Group is unable to agree similar extensions or other forms of waivers for any future covenant breaches prior to the completion of the Capital Raise and obtain extensions to the term of its existing debt facilities on terms acceptable to investors, then the likelihood of the Group ending up in the downside scenario would be increased, and there would be a material risk of the Group and Company entering insolvency.

Under the base case scenario and assuming successful completion of the Capital Raise, the Group and Company would be in a net asset position from a balance sheet perspective; achieving this outcome however is dependent upon a number of factors including:

- the Group receiving extensions to the testing dates or other form of waivers from its lenders future covenant breaches beyond 15 June 2022 and/or prior to completion of the Capital Raise;
- the Group having raised sufficient additional capital and secured extensions to the term and/or refinancing of the Group's debt facilities;
- the Group having reached a conclusion in regards to the GLD redress programme with the estimated costs not varying materially from management's best estimate;
- the assumptions not varying materially from the base case; and
- any mitigating actions which could be implemented to offset any adverse movement from the base case (such as reductions to costs which are within management's control, for example employee and marketing expenses).

In the absence of the Capital Raise, the Group and Company is forecast to remain in a net liability position from a balance sheet perspective over the next 12 months and beyond.

Under the downside scenario it is expected that the Group would not comply with its loan to value covenant at subsequent quarter dates during the next 12 months and as a result, additional extensions of those testing dates or other forms of waivers would be required from its lenders (and, depending on the terms of those waivers) the Group may not be able to access further funding. If such waivers or extensions were not forthcoming, or if the NSF Directors were not otherwise able to identify an alternative course of action which, if successfully implemented, would enable them to conclude that there was a reasonable prospect of the Group returning to a net asset position such that the Group will be able to meet its liabilities (including to redress creditors) as they fall due, there would be a material risk of the Group and Company going into insolvency.

The Directors acknowledge the considerable challenges presented by uncertainty around the GLD redress programme (as the operational mechanics have not yet been finalised with the FCA) and the continued impact of COVID-19 and other macroeconomic uncertainties on the financial performance of the Group and so have concluded that there exists a material

Directors' report

uncertainty around the going concern status of the Group and Company. The Directors recognise that the Capital Raise is dependent on a number of factors including (i) the costs associated with the GLD redress programme being within levels that are acceptable to potential investors; (ii) the Group's lenders continuing to grant appropriate extensions to the testing dates or other forms of waivers for covenant breaches prior to the Capital Raise completing and; (iii) the Group obtaining extensions to the term of its existing debt facilities on terms acceptable to investors. The Directors continue to maintain a regular dialogue with key stakeholders including the FCA, Alchemy and the Group's lenders regarding the above matters. Despite the material uncertainties associated with the forecast assumptions, the Directors note that Alchemy has confirmed its continued support for a capital raise. The Directors believe that if a satisfactory outcome regarding the redress mechanics in guarantor loans is reached, the proposed extension to the term of the Group's existing facilities by its lenders is concluded on terms acceptable to investors (which itself is likely to be dependent on a successful capital raise), and the actual outcomes do not differ materially from the assumptions outlined in the base case, the Group and Company can reasonably expect to raise sufficient new capital to enable them to continue to operate and meet their respective liabilities as they fall due for the next 12 months. The Board has therefore adopted the going concern basis of accounting. The Board's position is, in part, informed by the fact that Alchemy remains supportive of a capital raise subject to: an outcome of the Group's engagement with its lenders that is acceptable to Alchemy; Alchemy's analysis of the outcome of the Group's discussions with the FCA regarding the regulatory position of the Group's divisions and the implications of that on (and Alchemy's assessment of) the Group's business plan and financial projections; and greater levels of certainty around redress and claims.

Conclusion

On the basis of the above analysis, the Directors note that material uncertainties exist regarding the impact of discussions with the FCA regarding the GLD redress programme, the successful and timely execution of the Capital Raise, the agreement of extensions to the testing dates or other forms of waivers from lenders in relation to potential future covenant breaches prior to completion of the Capital Raise, the Group obtaining extensions to the term of its existing debt facilities on terms acceptable to investors, and the current and future impact of COVID-19 and other factors on the macroeconomic outlook (such as inflation, any other unforeseen economic consequences of the conflict in Ukraine and their potential impact on customer repayment behaviours). The Directors note that, should the Group not be able to reach agreement with the FCA regarding the mechanics of the GLD redress programme such that there remains significant uncertainty regarding the quantum of potential redress liabilities, the Group will need to consider other options that can reduce such uncertainty, including a scheme of arrangement. Whilst such schemes are complex, time consuming and not guaranteed to be successful, the Board believes that, were such a scheme to be pursued it would stand a reasonable chance of success and would, along with needing to extend lending facilities, allow it to proceed with its planned capital raise (as described in further detail below). The Board therefore believes that it remains a going concern. The proceeds of the planned capital raise will be used, among other things, to fund redress payments to eligible GLD customers. The Directors note that certainty around the level of potential redress liabilities will likely be a key factor for Alchemy and other potential investors, in assessing whether they will, ultimately, support the Capital Raise. A successful scheme of arrangement would be subject to a number of variables, including court sanction, a positive creditor vote and the receipt of necessary waivers from lenders.

The Directors recognise as there are a high number of assumptions and variables in the modelling of the base case which are not directly within the Group's control and that, should the actual outcomes vary materially from the modelled assumptions, any consequent negative impact on the liquidity and solvency under the base case scenario may cast significant doubt on the ability of both the Group and Company to continue as a going concern. Under the downside scenario, there is a material risk of the Group going into insolvency.

In making their assessment, the Directors considered:

- the loan to value ratio being higher as at the quarter date on 31 March 2022 than the level permitted under its loan to value covenant and the likelihood of the lenders agreeing to extend the testing date or provide other forms of waivers in relation to this covenant and/or potential future covenant breaches beyond 15 June 2022 and/or prior to the Capital Raise completing;
- the ability of the Group to obtain extensions to the term of its existing debt facilities (which itself is likely to be dependent on a successful capital raise);
- the Group's current financial and operational positions;
- the status of conversations with the FCA and advisors as well as the Group's recent trading activity;
- the uncertainty around the quantum of potential redress liabilities due under the GLD redress programme and, if such uncertainty is not resolved, the potential use of a scheme of arrangement to allow the Capital Raise to proceed and fund redress payments to eligible GLD customers;
- the conditional nature of support for the Capital Raise received from Alchemy (as outlined above).;

Directors' report

In making their overall assessment, the Directors also considered both the balance sheet solvency and the liquidity position of the Group. In connection with the former, the Capital Raise would create a positive net asset position. In connection with the latter the Directors have taken into consideration the impact of the Capital Raise on the existing cash balances which would then be available to the business. This combination would provide ample liquidity throughout the going concern period. However the Capital Raise is dependent on the factors listed above and this dependency creates a material uncertainty. The Directors also recognised that, in the absence of the lenders granting the necessary extensions to the testing dates or other forms of waivers in respect of potential future covenant breaches, cash balances may not be available to the Group or Company. With regard to the balance sheet solvency of the Group and Company, the Directors noted that under the base case scenario the Group and Company returns to a net asset position and remains there for the going concern period, however this remains dependent on the injection of additional capital into the Group. As noted above, if the Capital Raise is not achieved and the Directors cannot otherwise identify an alternative means of returning to a net asset position such that there is a reasonable prospect of the Group and Company being capable of meeting its liabilities as they fall due, then the Group and Company may enter insolvency.

The Directors recognise the considerable challenges presented and the material uncertainties which may cast significant doubt on the ability of both the Group and the Company to continue as a going concern. However, despite these challenges, the Directors currently have a reasonable expectation that the Group's outstanding regulatory and redress matters can be resolved close to the assumptions outlined in the base case (albeit recognising that there is a material risk in relation to this), the Group can obtain extensions to the testing dates or other forms of waivers from its lenders for potential future covenant breaches prior to completion of the Capital Raise such that it can raise sufficient equity in the timeframe required, the Group can obtain extensions to the term of its borrowings on a reasonable basis from its lenders and on terms acceptable to investors, and that potential investors remain supportive of the injection of (additional) capital. As a result, it is the Directors' reasonable expectation that the Group and Company can continue to operate and meet its liabilities as they fall due for the next 12 months. On that basis, the Directors continue to adopt the going concern basis in preparing these accounts.

As the possible outcomes detailed above remain dependent on a number of factors not directly within the Group's control, the Directors will continue to monitor the Company and Group's financial position (including access to liquidity and balance sheet solvency) carefully over the coming weeks and months as a better understanding of the impact of these various factors are developed. The Directors recognises the importance of the Capital Raise to mitigate the uncertainties noted above and to support the future growth prospects of the Group.

Directors' statement as to disclosure of information to auditor

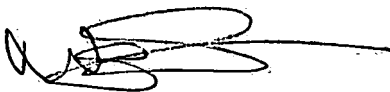
Each Director at the date of approval of the financial statement confirms that so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that she/he ought to have taken as a Director in order to make her/himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Approved and signed on behalf of the Board of Directors by

J Wiggins
Director



Date:

31/5/2022

Statement of directors' responsibilities

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

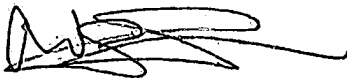
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company 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:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent.

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.

J Wiggins
Director



Date:

31/5/2022

Independent auditor's report

to the members of Everyday Loans Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Everyday Loans Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- 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 UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Company is dependent on the Group to continue as a going concern. There is a material uncertainty on the ability of the Group to continue as a going concern. This material uncertainty is as a result of the performance of the Group, of which the Company is a subsidiary, and is caused by the following factors:

- the successful and timely execution of the plan to raise additional capital
- the agreement of extensions to testing dates or other forms of waivers from lenders in relation to the March 2022 loan to value covenant and/or potential covenant breaches prior to completion of the capital raise
- the finalisation of the operational mechanics and ultimate cost of the Guarantor Loans Division (GLD) customer redress programme including the feasibility of the implementation of a scheme of arrangement.
- that debt maturing in August 2022 and August 2023 will be renewed on acceptable terms to the investors
- the impact of the administration of the home credit division on customer repayment behaviour
- the impact of the decision to place the GLD into run-off on customer repayment behaviour
- the actions of claims management companies and Financial Ombudsman Service decisions on the cost of complaints
- the current and future impact of COVID-19 and other factors on the macroeconomic outlook (such as inflation, any other unforeseen economic consequences arising from the conflict in Ukraine and their potential impact on customer repayment behaviors).

As stated in note 1, these events or conditions, along with the other matters as set forth in note 1 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report

to the members of Everyday Loans Limited

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

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 auditor's report

to the members of Everyday Loans Limited

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.

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 obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from FCA Rules, taxation and the Companies Act 2006.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - enquiries of management, review of minutes, review of legal / regulatory correspondence, reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the risk of fraud arising from revenue recognition. The potential for management bias was identified in relation to the choice of the incremental borrowing rate used to determine the lease liability under IFRS 16 and the impairment of investments and we addressed this by challenging the assumptions and judgements made by management.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

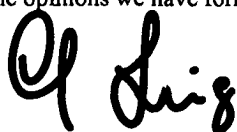
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities <http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for> [https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-\(1\)](https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-(1)). This description forms part of our auditor's report.

Independent auditor's report

to the members of Everyday Loans Limited

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.



Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: *31 May 2022*

Statement of comprehensive income

		Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
	Note		
Service charges and commission income	6	50,427	58,085
Collection and commission expense	7	(2,195)	(2,555)
Dividend income	8	1,775	-
Other income		138	708
Gross income		50,145	56,238
Operating expenses	9	(44,529)	(44,931)
Operating profit		5,616	11,307
Exceptional items	12	(14,111)	(37,553)
Profit/(loss) before income tax		(8,495)	(26,246)
Income tax (expense)/credit	13	(3,382)	10
Loss for the year		(11,877)	(26,236)
Loss attributable to:			
Equity holders of the Company		(11,877)	(26,236)
Total comprehensive loss attributable to:			
Equity holders of the Company		(11,877)	(26,236)

The Company has no recognised gains and losses other than those included in the results above.

The Company's results above are from continuing operations.

The notes on pages 25 to 52 are an integral part of these financial statements.

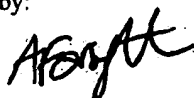
Statement of financial position

	Note	31 Dec 2021 £000	31 Dec 2020 £000
ASSETS			
Non-current assets			
Fixed asset investments – investments in subsidiary undertakings	14	9,726	12,136
Intangible assets	15	2,744	2,192
Property and equipment	16	3,903	5,773
Right of use assets	17	7,836	9,055
Total non-current assets		24,209	29,156
Current assets			
Cash and cash equivalents	18	246	324
Corporation tax	13	1,099	-
Intercompany loan	20	-	8,066
Other assets	21	1,017	863
Total current assets		2,362	9,253
Total assets		26,571	38,409
EQUITY AND LIABILITIES			
Liabilities			
Intercompany liability	22	1,151	167
Lease liability	24	7,441	8,795
Non-current liabilities		8,592	8,962
Current tax liability	13	-	1,570
Provisions	23	1,571	1,150
Lease liability	24	1,101	1,115
Other liabilities	24	7,973	6,417
Current liabilities		10,645	10,252
Total liabilities		19,237	19,214
Equity attributable to the Company's equity holders			
Share capital	25	499	499
Share based payments reserve	26	-	238
Share premium	25	48,885	48,885
Capital contribution reserves	27	1,912	1,912
Retained deficit		(43,962)	(32,339)
Total equity		7,334	19,195
Total equity and liabilities		26,571	38,409

The financial statements on pages 21 to 52 were approved by the Board of Directors on
on its behalf by:

31/5/2022

and were signed



A Forsyth
Director

Company number: 05536115

The notes on pages 25 to 52 are an integral part of these financial statements.

Statement of changes in equity

	Share capital	Share based payment reserve	Share premium	Capital Contribution Reserve	Retained deficit	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2020	499	681	48,885	1,912	(6,744)	45,233
Total comprehensive loss for the year						
Loss for the year ended 31 December 2020	-	-	-	-	(26,236)	(26,236)
Total comprehensive loss for the year	-	-	-	-	(26,236)	(26,236)
Transactions with owners recorded directly in equity:						
Contributions by and distributions to owners						
Share based payments reserve	-	198	-	-	-	198
Prior year share-based payment charge released to retained earnings	-	(641)	-	-	641	-
Total contributions by and distributions to owners	-	(443)	-	-	641	198
Balance at 31 December 2020	499	238	48,885	1,912	(32,339)	19,195
Total comprehensive profit for the year						
Loss for the year ended 31 December 2021	-	-	-	-	(11,877)	(11,877)
Total comprehensive loss for the year	-	-	-	-	(11,877)	(11,877)
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Share based payments reserve	-	16	-	-	-	16
Prior year share-based payment charge released to retained earnings	-	(254)	-	-	254	-
Total contributions by and distributions to owners	-	(238)	-	-	254	16
Balance at 31 December 2021	499	-	48,885	1,912	(43,962)	7,334

The notes on pages 25 to 52 are an integral part of these financial statements.

Statement of cash flows

		Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
	Note		
Cash flows from operating activities			
Loss for the year		(11,877)	(26,236)
Income tax (credit)/expense	13	3,382	(10)
Impairment of investment in subsidiaries	14	2,410	37,244
Depreciation of property and equipment	16	1,582	1,643
Depreciation of right of use assets	17	1,338	1,320
Amortisation of intangible assets	15	796	571
Loss on disposal of fixed assets	16	481	53
Gain on disposal of ROU assets	17	534	-
Cash flows from operating profits before changes in working capital		(1,354)	14,585
Changes in operating assets and liabilities:			
Net change in other assets		3,012	15,259
Net change in other liabilities		20	(26,060)
Income tax received/(paid)	13	-	(991)
Plevin claims paid	23	(50)	(48)
Dilapidations paid	23	(60)	-
Restructurings	23	531	-
Net cash inflow from operating activities		2,099	2,745
Cash flows from investing activities			
Purchase of intangible assets	15	(1,348)	(1,228)
Purchase of property and equipment	16	(193)	(1,688)
Purchase of right of use assets	17	(652)	(1,154)
Net cash outflow from investing activities		(2,193)	(4,070)
Cash flows from financing activities			
Increase in share based payment reserve		16	-
Funding provided to the Securitisation Facility		-	(9)
Net cash outflow from financing activities		16	(9)
Net (decrease)/increase in cash and cash equivalents		(78)	(1,334)
Cash and cash equivalents at 1 January		324	1,658
Cash and cash equivalents at 31 December	18	246	324

The notes on pages 25 to 52 are an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

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

Reporting entity

The Company, Everyday Loans Limited, is a private company limited by shares that is registered in England and Wales, with company registration number 05536115. The registered address of the Company is 1st Floor North, 2 Dukes Meadow, Bourne End, Buckinghamshire, SL8 5XF. The principal place of business of the Company is 1st Floor North, 2 Dukes Meadow, Bourne End, SL8 5XF. The principal activity of the Company is the sourcing, provision and servicing of secured and unsecured personal instalment loans through its subsidiary Everyday Lending Limited. The Company receives service charges from Everyday Lending Limited.

Basis of presentation

As part of a listed Group, the Company elected to prepare its financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use (VIU) in IAS 36 Impairment of Assets.

The Company's financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency) and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Going concern

In adopting the going concern assumption in preparing the financial statements, the Company Directors have considered the activities of the Company and that of its ultimate parent Non-Standard Finance plc ('NSF'). The principal activity of the Company is a holding company. As such, the Company's base case is highly dependent on that of its direct and indirect subsidiaries which receive intercompany funding from NSF Finco Limited (another subsidiary within the Non-Standard Finance Group (the "Group")). NSF Finco Limited is the immediate parent of the company and acts as a debt financing vehicle for the Group and holds the external debt facilities in the form of term loan and revolving credit facilities (RCF) which in turn, have the benefit of guarantees from the Company. As the Company is a guarantor under the Group's external financing facilities and any equity contributions received would ultimately come from its ultimate parent NSF, its going concern status is directly impacted by the ultimate going concern position of the Group and therefore whilst the assessment for the purposes of these financial statements reflects that of the Company, consideration has also been made in regards to that of the Group in order to reach a conclusion on going concern.

During the year, the Directors assessed the forecast levels of net debt, headroom on existing borrowing facilities (which comprise a £285m term loan and a £45m RCF facility, both of which are fully drawn) and compliance with debt covenants of the NSF Group. As part of its going concern assessment, the Directors reviewed both the Group and Company's access to liquidity and its future balance sheet solvency for at least the next 12 months.

Background

The Group's guarantor loans division ('GLD') was placed into a managed run-off in June 2021. Throughout 2021, the Group was actively engaged with the FCA in order to finalise its proposed redress methodology for certain customers of GLD. Whilst there have been no significant amendments to the methodology since 2020, with the movement in provision from the prior year primarily attributable to additional penalty interest accrued as a result of the delays in commencing the programme, the Group is currently working with the FCA in order to finalise the operational mechanics of the redress programme. Therefore, as the redress programme has yet to be agreed in its entirety with the FCA, there remains uncertainty as to the costs of such programme and, although the NSF Directors believe their best estimate represents a reasonably possible outcome, there is a material risk of a less favourable outcome. The Directors note that should the Group not be able to reach agreement with the FCA regarding the mechanics of the programme such that there remains significant uncertainty regarding the quantum of potential redress liabilities,

Notes to the financial statements

Going concern (continued)

the Group will need to consider other options that can reduce such uncertainty, including a scheme of arrangement. Whilst such schemes are complex, time consuming and not guaranteed to be successful, the NSF Board believes that, were such a scheme to be pursued it would stand a reasonable chance of success and would, along with needing to extend lending facilities, allow it to proceed with its planned capital raise. The Directors therefore believe that it remains a going concern. The proceeds of the planned capital raise will be used, among other things, to fund redress payments to eligible GLD customers.

As noted in the prior year, the Group commissioned independent reviews of both its branch-based lending and home credit businesses to ensure that there were no implications for either division as a result of the multi-firm review into guarantor loans, or from recent decisions at the Financial Ombudsman Service. Whilst the review into branch-based lending (Everyday Loans) concluded that there was no requirement for any customer redress, in home credit the conclusion was that there may have been harm. Following extensive yet ultimately inconclusive discussions with the FCA about how harm should be defined and the implications for future lending, the directors of S.D Taylor Limited (trading as 'Loans at Home') reluctantly concluded that the Loans at Home business was no longer viable, leading to the business being placed into administration on 15 March 2022. The boards of Loans at Home and of NSF were clear that this was the only option available in order to preserve value for creditors. As the operations and activities of Loans at Home are separate from the rest of the Group, having received certain waivers from the Group's lenders, the administration of Loans at Home will have minimal impact on the existing funding arrangements of the Group and Company.

Going concern assessment

In light of having completed the independent review in relation to the branch-based lending division, the ongoing discussions regarding the redress programme with respect to GLD, and the fact that the home credit division has been put into administration, the Group has produced two reasonably possible scenarios as part of its going concern assessment:

- (iii) the base case scenario includes a substantial equity injection in 2022 (the 'Capital Raise'); assumes the receipt of waivers from lenders for covenant breaches prior to the Capital Raise completing; assumes that there is no change to the estimate of the amount of redress payable in guarantor loans (other than additional interest); and assumes the extension of the Group's debt facilities on acceptable terms;
- (iv) the downside scenario applies stresses in relation to the key risks identified in the base case and does not include the Capital Raise.

A summary of the key assumptions used in the scenarios are as follows:

(i) Base case

The base case forecast assumes:

- the Group has obtained extensions to the testing dates and/or other forms of waivers from its lenders for potential covenant breaches to enable it to proceed with the Capital Raise;
- the extension of the Group's debt facilities on terms acceptable to investors;
- additional capital is raised during 2022 and reflects a business plan where the Group achieves further growth in later years driven by its branch-based lending division;
- that GLD remains in managed run-off, continues to perform in line with recent trends and that the ultimate cost of the redress programme does not differ materially from the NSF Directors' best estimate as at the date of this Annual Report (other than additional interest) and/or is an amount acceptable to potential investors;
- the home credit division remains in administration.

(ii) Downside scenario

This scenario assumes that no additional equity is raised in 2022 and also reflects stresses to the key risks described above.

Under this scenario we have assumed:

- the Capital Raise is not successful;
- the Group is unable to agree the operational mechanics of the GLD redress programme with the FCA and fails to implement a scheme of arrangement (should this be pursued) such that the Group is unable to raise sufficient capital or unable to raise sufficient capital within the required timeframes;
- higher complaint levels than expected under the base case and;
- uncertainty in the macroeconomic environment leads to higher delinquency and lower lending than expected under the base case.

Notes to the financial statements

Going concern (*continued*)

Whilst the Group has obtained waivers from its lenders in relation to the administration of the home credit division (Loans at Home), its loan to value ratio was higher as at the quarter date on 31 March 2022 than the level permitted under its loan to value covenant following large interest payments made during the quarter. However, the loan to value covenant will not be formally tested, and no covenant breach or event of default will arise, until the Group provides its compliance certificate for the March 2022 quarter date. The Group has received an extension to the date on which it is required to supply this compliance certificate until 15 June 2022, with a mechanism for this date to be extended further with lender support. However, if the Group is unable to agree similar extensions or other forms of waivers for any future covenant breaches prior to the completion of the Capital Raise and obtain extensions to the term of its existing debt facilities on terms acceptable to investors, then the likelihood of the Group ending up in the downside scenario would be increased, and there would be a material risk of the Group and Company entering insolvency.

Under the base case scenario and assuming successful completion of the Capital Raise, the Group and Company would be in a net asset position from a balance sheet perspective; achieving this outcome however is dependent upon a number of factors including:

- the Group receiving extensions to the testing dates or other form of waivers from its lenders future covenant breaches beyond 15 June 2022 and/or prior to completion of the Capital Raise;
- the Group having raised sufficient additional capital and secured extensions to the term and/or refinancing of the Group's debt facilities;
- the Group having reached a conclusion in regards to the GLD redress programme with the estimated costs not varying materially from management's best estimate;
- the assumptions not varying materially from the base case; and
- any mitigating actions which could be implemented to offset any adverse movement from the base case (such as reductions to costs which are within management's control, for example employee and marketing expenses).

In the absence of the Capital Raise, the Group and Company is forecast to remain in a net liability position from a balance sheet perspective over the next 12 months and beyond.

Under the downside scenario it is expected that the Group would not comply with its loan to value covenant at subsequent quarter dates during the next 12 months and as a result, additional extensions of those testing dates or other forms of waivers would be required from its lenders (and, depending on the terms of those waivers) the Group may not be able to access further funding. If such waivers or extensions were not forthcoming, or if the NSF Directors were not otherwise able to identify an alternative course of action which, if successfully implemented, would enable them to conclude that there was a reasonable prospect of the Group returning to a net asset position such that the Group will be able to meet its liabilities (including to redress creditors) as they fall due, there would be a material risk of the Group and Company going into insolvency.

The Directors acknowledge the considerable challenges presented by uncertainty around the GLD redress programme (as the operational mechanics have not yet been finalised with the FCA) and the continued impact of COVID-19 and other macroeconomic uncertainties on the financial performance of the Group and so have concluded that there exists a material uncertainty around the going concern status of the Group and Company. The Directors recognise that the Capital Raise is dependent on a number of factors including (i) the costs associated with the GLD redress programme being within levels that are acceptable to potential investors; (ii) the Group's lenders continuing to grant appropriate extensions to the testing dates or other forms of waivers for covenant breaches prior to the Capital Raise completing and; (iii) the Group obtaining extensions to the term of its existing debt facilities on terms acceptable to investors. The Directors continue to maintain a regular dialogue with key stakeholders including the FCA, Alchemy and the Group's lenders regarding the above matters. Despite the material uncertainties associated with the forecast assumptions, the Directors note that Alchemy has confirmed its continued support for a capital raise. The Directors believe that if a satisfactory outcome regarding the redress mechanics in guarantor loans is reached, the proposed extension to the term of the Group's existing facilities by its lenders is concluded on terms acceptable to investors (which itself is likely to be dependent on a successful capital raise), and the actual outcomes do not differ materially from the assumptions outlined in the base case, the Group and Company can reasonably expect to raise sufficient new capital to enable them to continue to operate and meet their respective liabilities as they fall due for the next 12 months. The Board has therefore adopted the going concern basis of accounting. The Board's position is, in part, informed by the fact that Alchemy remains supportive of a capital raise subject to: an outcome of the Group's engagement with its lenders that is acceptable to Alchemy; Alchemy's analysis of the outcome of the Group's discussions with the FCA regarding the regulatory position of the Group's divisions and the implications of that on (and Alchemy's assessment of) the Group's business plan and financial projections; and greater levels of certainty around redress and claims.

Notes to the financial statements

Going concern (continued)

Conclusion

On the basis of the above analysis, the Directors note that material uncertainties exist regarding the impact of discussions with the FCA regarding the GLD redress programme, the successful and timely execution of the Capital Raise, the agreement of extensions to the testing dates or other forms of waivers from lenders in relation to potential future covenant breaches prior to completion of the Capital Raise, the Group obtaining extensions to the term of its existing debt facilities on terms acceptable to investors, and the current and future impact of COVID-19 and other factors on the macroeconomic outlook (such as inflation, any other unforeseen economic consequences of the conflict in Ukraine and their potential impact on customer repayment behaviours). The Directors note that, should the Group not be able to reach agreement with the FCA regarding the mechanics of the GLD redress programme such that there remains significant uncertainty regarding the quantum of potential redress liabilities, the Group will need to consider other options that can reduce such uncertainty, including a scheme of arrangement. Whilst such schemes are complex, time consuming and not guaranteed to be successful, the Board believes that, were such a scheme to be pursued it would stand a reasonable chance of success and would, along with needing to extend lending facilities, allow it to proceed with its planned capital raise (as described in further detail below). The Board therefore believes that it remains a going concern. The proceeds of the planned capital raise will be used, among other things, to fund redress payments to eligible GLD customers. The Directors note that certainty around the level of potential redress liabilities will likely be a key factor for Alchemy and other potential investors, in assessing whether they will, ultimately, support the Capital Raise. A successful scheme of arrangement would be subject to a number of variables, including court sanction, a positive creditor vote and the receipt of necessary waivers from lenders.

The Director's recognise as there are a high number of assumptions and variables in the modelling of the base case which are not directly within the Group's control and that, should the actual outcomes vary materially from the modelled assumptions, any consequent negative impact on the liquidity and solvency under the base case scenario may cast significant doubt on the ability of both the Group and Company to continue as a going concern. Under the downside scenario, there is a material risk of the Group going into insolvency.

In making their assessment, the Directors considered:

- the loan to value ratio being higher as at the quarter date on 31 March 2022 than the level permitted under its loan to value covenant and the likelihood of the lenders agreeing to extend the testing date or provide other forms of waivers in relation to this covenant and/or potential future covenant breaches beyond 15 June 2022 and/or prior to the Capital Raise completing;
- the ability of the Group to obtain extensions to the term of its existing debt facilities (which itself is likely to be dependent on a successful capital raise);
- the Group's current financial and operational positions;
- the status of conversations with the FCA and advisors as well as the Group's recent trading activity;
- the uncertainty around the quantum of potential redress liabilities due under the GLD redress programme and, if such uncertainty is not resolved, the potential use of a scheme of arrangement to allow the Capital Raise to proceed and fund redress payments to eligible GLD customers;
- the conditional nature of support for the Capital Raise received from Alchemy (as outlined above);

In making their overall assessment, the Directors also considered both the balance sheet solvency and the liquidity position of the Group. In connection with the former, the Capital Raise would create a positive net asset position. In connection with the latter the Directors have taken into consideration the impact of the Capital Raise on the existing cash balances which would then be available to the business. This combination would provide ample liquidity throughout the going concern period. However the Capital Raise is dependent on the factors listed above and this dependency creates a material uncertainty. The Directors also recognised that, in the absence of the lenders granting the necessary extensions to the testing dates or other forms of waivers in respect of potential future covenant breaches, cash balances may not be available to the Group or Company. With regard to the balance sheet solvency of the Group and Company, the Directors noted that under the base case scenario the Group and Company returns to a net asset position and remains there for the going concern period, however this remains dependent on the injection of additional capital into the Group. As noted above, if the Capital Raise is not achieved and the Directors cannot otherwise identify an alternative means of returning to a net asset position such that there is a reasonable prospect of the Group and Company being capable of meeting its liabilities as they fall due, then the Group and Company may enter insolvency.

Notes to the financial statements

Going concern (continued)

The Directors recognise the considerable challenges presented and the material uncertainties which may cast significant doubt on the ability of both the Group and the Company to continue as a going concern. However, despite these challenges, the Directors currently have a reasonable expectation that the Group's outstanding regulatory and redress matters can be resolved close to the assumptions outlined in the base case (albeit recognising that there is a material risk in relation to this), the Group can obtain extensions to the testing dates or other forms of waivers from its lenders for potential future covenant breaches prior to completion of the Capital Raise such that it can raise sufficient equity in the timeframe required, the Group can obtain extensions to the term of its borrowings on a reasonable basis from its lenders and on terms acceptable to investors, and that potential investors remain supportive of the injection of (additional) capital. As a result, it is the Directors' reasonable expectation that the Group and Company can continue to operate and meet its liabilities as they fall due for the next 12 months. On that basis, the Directors continue to adopt the going concern basis in preparing these accounts.

As the possible outcomes detailed above remain dependent on a number of factors not directly within the Group's control, the Directors will continue to monitor the Company and Group's financial position (including access to liquidity and balance sheet solvency) carefully over the coming weeks and months as a better understanding of the impact of these various factors are developed. The Directors recognise the importance of the Capital Raise to mitigate the uncertainties noted above and to support the future growth prospects of the Group.

Adoption of new and revised IFRS standards

New and amended standards and interpretations issued and effective for the financial year ending 31 December 2021

In the current year and in accordance with IFRS requirements, the following accounting standards have been issued and were effective from 1 January 2021: Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (the Phase 2 amendments). The Company does not apply hedge accounting and its accounting policies are consistent with the new requirements. The Directors do not expect the adoption of these standards to have a significant effect on the financial statements of the Company in future periods. There are no other new standards not yet effective and not adopted by the Company from 1 January 2021 which are expected to have a material impact on the Company.

Significant accounting policies

Management will continue to assess the impact of new and amended standards and interpretations on an ongoing basis.

Service charges and commission income

Service charges are received from the Company's subsidiary company Everyday Lending Limited. With respect to the generation and ongoing servicing of personal loan and secured consumer loan products commission is no longer earned from associated insurance products sold on behalf of third-party insurance providers. Income is recognised as the services are provided.

Other operating income

Other operating income relates to amounts received as a result of debt sales made and Government grants received in relation to the Coronavirus Job Retention Scheme (CJRS), as well as other additional income which is not derived from the Company's main business. The debt sales made relate only to those amounts receivable from customers which have fallen into arrears and have subsequently been charged off. Therefore, as the Company makes every effort to collect on receivables and has no intention of selling loans when originated, the Company's business model remains consistent with the definition of hold and collect (further detail under Financial Assets). The accounting policy in relation to CJRS income is detailed below.

Notes to the financial statements

Coronavirus Job Retention Scheme (CJRS)

Under the CJRS employers receive compensation from the government for part of the wages, associated national insurance contributions (NIC) and employer pension contributions of employees who have been placed on furlough. The grant receipts have been measured at the fair value of the assets receivable and have been recognised under the performance model.

Under the performance model, grants shall be recognised:

- when received, where the grant does not impose future performance-related conditions on the recipient; or
- when performance-related conditions are met, where the grant imposes such conditions on the recipient.

Under the CJRS grant, the Company deems all performance related conditions to have been met when the claim was submitted, therefore income is recognised when received and no contingent liability has been recognised in the accounts for future liabilities in relation to this grant.

The amount received as part of the CJRS totalling £0.04m (2020: £0.7m) has been included within other operating income for the year ended 31 December 2021.

Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Company's results. The Company has incurred £3.0m of exceptional costs for the year ended 31 December 2021 (2020: £37.6m). Refer to note 12 for further detail.

Taxation

The tax credit/expense represents the sum of the tax currently receivable/payable and any deferred tax.

The current tax credit/charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's asset/liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year-end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities in the Company are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to comprehensive income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle on a net basis.

Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on the basis of the expected useful lives (three to five years). The Board of Directors will assess each of the Company's remaining intangible assets for impairment at each future accounting date.

Notes to the financial statements

Project costs associated with the development of computer software and website are capitalised where the software is a unique and identifiable asset controlled by the Company and will generate future economic benefits. These assets are amortised on a 20% straight-line basis over their estimated useful lives once the development phase has been completed. Project costs are stated at cost less accumulated depreciation and any recognised impairment loss.

The useful economic life and amortisation method of intangible assets are reviewed at least at each balance sheet date. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on the cost or valuation of property, plant and equipment in order to write off such cost or valuation over the expected useful lives as follows:

Leasehold improvements	-	shorter of life of lease or 7 years
Computer and other equipment	-	3 to 5 years
Furniture, fixtures & fittings	-	10 years

Fixed asset investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. In line with IAS 36, the investments in subsidiaries are assessed for indications of impairment at the end of each reporting period (and if any such indication exists, the recoverable amount is estimated and compared to carrying value) and on an annual basis. In the year ended 31 December 2021 the investment in a subsidiary undertaking was considered to be impaired – see note 12 for further detail.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are measured on initial recognition at fair value. Under IFRS 9, the classification and subsequent measurement of financial assets is principally determined by the entity's business model and their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' ('SPPI')).

The standard sets out three types of business model:

- **Hold to collect:** the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These assets are accounted for at amortised cost.
- **Hold to collect and sell:** this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change. These assets are accounted for at fair value through other comprehensive income ('FVOCI').
- **Hold to sell:** the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation. These assets are held at fair value through profit or loss ('FVTPL'). An entity may also designate assets at FVTPL upon initial recognition where it reduces an accounting mismatch. An entity may elect to measure certain holdings of equity instruments at FVOCI, which would otherwise have been measured at FVTPL.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes considering all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets and how these are managed. The Company continually monitors whether the business model for which financial assets are held is appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

Notes to the financial statements

The Company has assessed its business models in order to determine the appropriate IFRS 9 classification for its financial assets. As part of this assessment, the Company has recognised that it has no intentions of selling the assets which it originates. The financial assets in all business divisions are held to collect contractual cash flows while the performance of the asset is assessed by reference to various factors such as collections performance and expected losses. In order to be accounted for at amortised cost, it is also necessary for individual instruments to have contractual cash flows that are SPPI. As the Company's financial assets meet both the hold to collect and SPPI criteria they are held and subsequently measured at amortised cost.

Financial assets and liabilities measured at amortised cost are accounted for under the EIR method. This method of calculating the amortised cost of a financial asset or liability involves allocating interest income or expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the Company has concluded that the ECL on these items is nil and therefore no impairment loss adjustment is required.

Intercompany receivables for the Company which fall under the scope of IFRS 9 are assessed for impairment on an annual basis. This assessment involves an analysis of the ability of the entity to repay amounts owed as at the end of the reporting period and includes the consideration of the probability of default, loss given default and exposure at default. IFRS 9 requires ECL to always reflect both the possibility that a loss occurs and the possibility that no loss occurs, even if the most likely outcome is no credit loss.

Intercompany receivables for the Company which fall under the scope of IFRS 9 are assessed for impairment on an annual basis. This assessment involves an analysis of the ability of the entity to repay amounts owed as at the end of the reporting period and includes the consideration of the probability of default, loss given default and exposure at default. IFRS 9 requires ECL to always reflect both the possibility that a loss occurs and the possibility that no loss occurs, even if the most likely outcome is no credit loss.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss recognised in other comprehensive income is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the EIR method. Intercompany loans have been assessed for impairment; refer to note 18 for further detail.

Amounts receivable from customers

Amounts receivable from customers originated by the Company are initially recognised at the amount loaned to the customer plus directly attributable costs. Subsequently, amounts receivable from customers are increased by revenue and reduced by cash collections and any deduction for loan loss provisions.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Notes to the financial statements

Borrowings

Borrowings are recognised initially at fair value, being issue proceeds less any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds less transaction costs and the redemption value is recognised in the income statement over the expected life of the borrowings using the EIR. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the EIR method.

Provisions

A provision is recognised when there is a present obligation as a result of a past event, it is probable that the obligation will be settled and the amount can be estimated reliably.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events which are either not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but disclosed unless their probability is remote.

Defined contribution pension schemes

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the income statement in the period to which they relate.

Dividends

Dividend distributions to the Company's shareholders are recognised in the Company's financial statements as follows:

- Final dividend: when approved by the Company's shareholders at the Annual General Meeting; and
- Interim dividend: when declared by the Company.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share-based payments

The Company has applied the requirements of IFRS 2 Share-based Payments. The Company grants options under employee savings-related share option schemes (typically referred to as SAYE schemes) and makes awards under the long-term incentive schemes. All of these schemes are equity-settled.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed in the consolidated statement of comprehensive income on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The corresponding credit is made to a share-based payment reserve within equity. The grant by the Company of options and awards over its equity instruments to the employees are treated in the financial statements of Non-Standard Finance plc (the Company's ultimate parent company) as an investment. At the end of the vesting period, or upon exercise, lapse or forfeit (if earlier), this credit is transferred to retained earnings. Further information on the Company's schemes is provided in note 24 and in the Directors' remuneration report.

Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (less than £5,000). For these leases, the Company recognises the lease payments as an operating expense (included within administrative expenses in the consolidated statement of comprehensive income) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the financial statements

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the EIR method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Impairment of right-of-use assets is reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable. The entity did not use the practical expedient per IFRS16 paragraph 46A rent concessions resulting from COVID-19.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. The Company does not hold any inventories as at 31 December 2021.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Company does not have any leases that include purchase options or transfer ownership of the underlying asset.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The Company does not have any lease payments which fall under the definition of variable lease payments.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has used the practical expedient which allows the recognition of a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of comprehensive income.

Notes to the financial statements

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the reporting period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Going Concern

Assumptions made in the base case as part of the Company's going concern assessment form a significant judgement of the Directors in the context of approving the Company's going concern status. Refer note 1 of the financial statements for further detail.

3. Maturity analysis of assets and liabilities

The table below shows the maturity analysis of the Company's financial assets and liabilities as at 31 December 2021:

At 31 December 2021	Due within one	Due after	Total
	year	more than one	
	£000	year	£000
ASSETS			
Current assets			
Cash and cash equivalents	246	-	246
Corporation tax	1,099	-	1,099
Other assets	-	1,017	1,017
Total assets	1,345	1,017	2,362
LIABILITIES			
Long-term liabilities			
Intercompany liability	-	1,151	1,151
Lease liability	-	7,441	7,441
Current liabilities			
Lease liability	1,101	-	1,101
Other liabilities	7,973	-	7,973
Total liabilities	9,074	8,592	17,666

Notes to the financial statements

The table below shows the maturity analysis of the Company's financial assets and liabilities as at 31 December 2020:

At 31 December 2020	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Current assets			
Cash and cash equivalents	324	-	324
Intercompany loan	8,066	-	8,066
Other assets	-	71	71
Total assets	8,390	71	8,461
LIABILITIES			
Long-term liabilities			
Intercompany liability	-	167	167
Lease liability	-	8,795	8,795
Current liabilities			
Lease liability	1,115	-	1,115
Other liabilities	6,417	-	6,417
Total liabilities	7,532	8,962	16,494

4. Financial risk management

The Company's operations expose it to a variety of financial risks including credit risk, liquidity risk and interest rate risk. The Directors have delegated the responsibility of monitoring financial risk management to the Risk Committee.

The Company's objectives are to maintain a well-spread and quality-controlled customer base by applying strong emphasis on good credit management, both through strict lending criteria at the time of underwriting and continuously monitoring the collection process.

Market risk

Market risk is the risk that the FV or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk – interest rate risk, currency risk and other prices risk.

The Company does not undertake position taking or trading books of this type. The Company's exposure is primarily to the risk of changes in interest rates.

Interest rate risk

The Company has an exposure to interest rate risk arising on changes in interest rates which leads to an increase in the Company's cost of borrowing. The Company monitors interest rates but has not chosen to hedge this item given the much greater effective interest on financial assets as compared to the EIR on financial liabilities.

The Company is exposed to movements in LIBOR rates on its external borrowings. A 1% movement in the interest rate applied to financial liabilities during 2021 would not have had a material impact on the Company's result for the year.

There is minimal interest rate risk on financial assets including amounts receivable from customers as interest rates are fixed.

Notes to the financial statements

4. Financial risk management (*continued*)

LIBOR reform

The Company has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by IBOR regulators. Key benchmark interest rates and indices, such as the London Interbank Offered Rate ('LIBOR'), are being reformed in favour of risk-free rates such as the Sterling Overnight Index Average ('SONIA') in the UK. LIBOR was withdrawn at the end of 2021. The Company currently only has reference rate linked liabilities relating to the NSF Group's term loan and revolving credit facility which were fully drawn as at 31 December 2021, and its securitisation facility which remains undrawn as at year end. There is no impact to the Company's financial assets or fixed rate liabilities, which are all on administered rates. The NSF Group has transitioned to SONIA during the year ended 31 December 2021. This transition is not considered to have had a material impact on the NSF Group.

Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the statement of financial position date. Significant changes in the economy could result in losses that are different from those provided for at the statement of financial position date.

The Company's maximum exposure to credit risk is as follows:

	2021	2020
	£000	£000
Cash and cash equivalents	246	324
Intercompany loan	-	8,066
Other assets	1,017	863
At 31 December	1,345	9,253

The above table represents the maximum credit risk exposure to the Company at 31 December 2021 and 2020. The exposures are based on the net carrying amounts as reported in the statement of financial position.

Capital risk management

The Board of Directors assesses the capital needs of the Company on an ongoing basis and approves all capital transactions. The capital structure of the Company consists of net debt (borrowings after deducting cash and bank balances) and equity of the Company (comprising capital, reserves, retained earnings). The Company's objective in respect of capital risk management is to maintain a conservative loan-to-value ratio level with respect to market conditions, whilst taking account of business growth opportunities in a capital-efficient manner.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or can only do so at excessive cost. The Company's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations and to enable the Company to meet its financial obligations as they fall due.

Notes to the financial statements

4. Financial risk management (continued)

The tables below analyse the contractual undiscounted cash flows for the Company into relevant maturity groupings in accordance with the categories of financial instruments set out in IFRS 9 as at 31 December 2021 and 2020:

	Carrying amount £000	Gross nominal inflow/ (outflow) £000	Due within one year £000	Due after more than one year £000
At 31 December 2021				
Non-derivative liabilities				
Intercompany liability	1,151	(1,151)	-	(1,151)
Other liabilities	16,515	(16,515)	(9,074)	(7,441)
	17,666	(17,666)	(9,074)	(8,592)
At 31 December 2020				
Non-derivative liabilities				
Intercompany liability	167	(167)	-	(167)
Other liabilities	16,327	(16,327)	(7,532)	(8,795)
	16,494	(16,494)	(7,532)	(8,962)

Solvency risk

This is the risk that the Group's balance sheet becomes insolvent. The assessment of this has been reflected in the Company's going concern statement.

5. Financial instruments

The tables below set out the carrying value of the Company's financial assets and liabilities in accordance with the categories of financial instruments set out in IFRS 9 as at 31 December 2021 and 2020. Assets and liabilities outside the scope of IFRS 9 are shown within non-financial assets/liabilities:

	Fair value through profit and loss £000	Fair value through other comprehensive income £000	Amortised cost £000	Non- financial assets/ liabilities £000	Total £000
At 31 December 2021					
Assets					
Cash and cash equivalents	-	-	246	-	246
Intangible assets	-	-	-	2,744	2,744
Property and equipment	-	-	-	3,903	3,903
Right of use assets	-	-	-	7,836	7,836
Fixed asset investment	-	-	-	9,726	9,726
Current tax asset	-	-	1,099	-	1,099
Other assets	-	-	107	910	1,017
Total assets	-	-	1,452	25,119	27,542
Liabilities					
Provisions	-	-	-	1,571	1,571
Intercompany liability	-	-	1,151	-	1,151
Other liabilities	-	-	7,973	8,542	16,515
Total liabilities	-	-	9,124	10,113	19,237

Notes to the financial statements

5. Financial instruments (continued)

At 31 December 2020	Fair value through profit and loss £000	Fair value through other comprehensive income £000	Amortised cost £000	Non- financial assets/ liabilities £000	Total £000
Assets					
Cash and cash equivalents	-	-	324	-	324
Intangible assets	-	-	-	2,192	2,192
Property and equipment	-	-	-	5,773	5,773
Right of use assets	-	-	-	9,055	9,055
Fixed asset investment	-	-	-	12,136	12,136
Intercompany loan	-	-	8,066	-	8,066
Other assets	-	-	71	792	863
Total assets	-	-	8,461	29,948	38,409
Liabilities					
Current tax liability	-	-	-	1,570	1,570
Provisions	-	-	-	1,150	1,150
Intercompany liability	-	-	167	-	167
Other liabilities	-	-	6,417	9,910	16,327
Total liabilities	-	-	6,584	12,630	19,214

6. Service charges and commission income

Service charges are received from the Company's subsidiary companies Everyday Lending Limited with respect to the generation and ongoing servicing of personal loan and secured consumer loan products there is no longer commission earned from associated insurance products sold on behalf of third party insurance providers. Income is recognised as the services are provided.

	2021 £000	2020 £000
Service charges	50,427	58,085
Total service charges	50,427	58,085

7. Collection and commission expense

Collection and commission expenses comprise:	2021 £000	2020 £000
Credit bureau expenses	1,752	1,633
Collection expenses	282	184
Other expenses	161	738
Total collection and commission expenses	2,195	2,555

8. Dividend income

During 2021 the Company received dividend income of £1.8m (2020: £nil) from its wholly owned subsidiary, George Banco Limited.

Notes to the financial statements

9. Operating expenses	2021	2020
Operating expenses comprise:	£000	£000
Staff costs, including directors:		
- Wages and salaries	23,336	24,237
- Social security costs	2,593	2,389
- Pension costs	1,355	1,525
Depreciation of property and equipment (note 14)	1,892	1,643
Amortisation of intangible assets (note 13)	483	571
Depreciation of right of use assets (note 15)	1,338	1,320
Loss on disposal of fixed asset	419	53
Operating lease rentals - land and buildings	432	374
Legal and professional fees	1,851	3,413
IT software costs	3,793	3,956
Other administrative expenses	7,037	5,450
Total operating expenses	44,529	44,931

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Remuneration of the auditor and its associates was as follows:	2021	2020
	£000	£000
Fees payable for the audit of the Company's financial statements	115	259
Fees payable for the audit of the Company's subsidiary's financial statements	150	274
	265	533

10. Directors' emoluments

	2021	2020
	£000	£000
Salary payments (including bonuses and benefits in kind)	565	2,044
Pension contributions	11	16
	576	2,060

The remuneration of the highest paid director was £0.4m (2020: £0.5m), including Company pension contributions of £nil (2020: £0.04m).

Retirement benefits are accruing under money purchase schemes for two directors who served during 2021 (2020: two).

All directors benefitted from qualifying third-party indemnity provisions as disclosed in the directors' report.

11. Employee information

The average number of persons, including directors, employed by the Company during the year and analysed by category, was as follows:

Category:	2021	2020
	No.	No.
Sales	419	497
Back-office processing	52	49
Administration	69	75
Total	540	621

Notes to the financial statements

12. Exceptional items

	2021	2020
Staff redundancy and management restructuring	601	362
Impairment of Investment in Everyday Lending Limited	2,410	37,243
Impairment of intercompany balance due from Everyday Lending Limited	11,144	-
Other income	(44)	(52)
Total	14,111	37,553

During the year ended 31 December 2021, the Company incurred exceptional items of £2.97m (2020: £37.6m), of which £2.4m related to an impairment charge to the value of the investment in Everyday Lending Limited (2020: £37.2m), £0.6m related to redundancy costs for staff (2020: £0.4m) and a £0.04m credit from other income (2020: £0.05m).

An impairment charge of £11.1m (2020: £nil) was recognised during the year in relation to amounts owed from Everyday Lending Limited, this has resulted in a loan loss provision totalling £11.1m against the balance owed to the Company as at 31 December 2021 (2020: £nil). This impairment has arisen due to the increased risk in recoverability of the balance consistent with the material uncertainty which exists in relation to the going concern position of the entity.

The emergence of the COVID-19 pandemic alongside the significant decline in market multiples across the sector gave rise to the impairment of investment in Everyday Lending Limited. At the balance sheet date total investment stood at £9.7m (2020: £12.1m), refer to note 12 for more details.

13. Income tax expense

	2021 £000	2020 £000
Current taxation:		
Current corporation tax charge	4,481	-
Over provision in prior years	(1,099)	-
	3,382	-
Deferred taxation:		
Current deferred tax charge	-	(10)
	-	(10)
Income tax expense	3,382	(10)

	2021 £000	2020 £000
Tax reconciliation		
Loss on ordinary activities	(8,495)	(26,246)
Loss on ordinary activities by rate of tax 19% (2019: 19%)	(1,614)	(4,987)
Effects of:		
Excess of depreciation over taxation allowances	113	76
Expenses not deductible for tax purposes	1,675	7,129
Utilisation of group tax relief	4,307	(2,218)
Adjustments to deferred tax charge in respect of change in rate of tax	-	(10)
Adjustments to corporation tax charge in respect of prior periods	(1,099)	-
Income tax (expense)/credit for the year	3,382	(10)

Notes to the financial statements

13. Income tax expense (continued)	2021 £000	2020 £000
Corporation tax liability:		
Corporation tax liability at 1 January	1,570	2,561
Charge for the year	3,382	-
Utilisation of group relief	(6,051)	-
Corporation tax paid during the year	-	(991)
Corporation tax (asset)/liability at 31 December	(1,099)	1,570

Future tax developments:

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a material effect on the Company's future tax charge.

14. Fixed asset investments – investments in subsidiary undertakings

The Company has taken group accounts exemption in accordance with section 400 of Companies Act 2006. Consolidated group accounts are prepared by the ultimate parent company Non-Standard Finance plc. A copy of the consolidated financial statements of Non-Standard Finance plc may be obtained from Unit 26/27, Rear Walled Garden, The Nostell Business Estate, Wakefield, West Yorkshire, WF4 1AB, United Kingdom.

	Shares in group undertakings £000
At 1 January 2020	49,380
Impairment charge	(37,244)
At 31 December 2020	12,136
Impairment charge	(2,410)
At 31 December 2021	9,726

Details of the Company's subsidiaries which is included in the group consolidation at the ultimate controlling party level, Non-Standard Finance plc, are as follows:

	Country of incorporation	Interest % in ordinary shares	Principal activity
Everyday Lending Limited	United Kingdom	100	Provision and servicing of secured and unsecured personal instalment loans
George Banco Limited	United Kingdom	100	Holding company

Everyday Lending Limited made a loss for the year ended 31 December 2021 of £2.7m (2020: £42.8m) and had net liabilities at 31 December 2021 of £13.2m (2020: £10.5m). It is an unlisted non-banking institution, the registered address for the Company is 1st Floor North, 2 Dukes Meadow, Bourne End, Buckinghamshire SL8 5XF. George Banco Limited which has not traded since 2018, has net assets at 31 December 2021 of £nil (2020: £0.2m). It is an unlisted non-banking institution, the registered address is Epsom Court 1st Floor, Epsom Road, White Horse Business Park, Trowbridge, England, BA14 0XF.

Under IFRS 13, 'Fair Value Measurement', the fair value inputs used in the impairment assessment are classified as Level 3.

The Company tests the carrying value of its net investment in subsidiary annually at the balance sheet date for impairment or more frequently if there are indications that the investment might be impaired. Determining whether an investment is impaired requires an estimation of the recoverable amount of each subsidiary. In line with IAS 36, the recoverable amount is the higher of its VIU or its fair value less cost to sell.

Notes to the financial statements

14. Fixed asset investments – investments in subsidiary undertakings (*continued*)

For the current year ended 31 December 2021, the Company has assessed the carrying value of the investments and intercompany receivables on acquisition against the net asset value of the underlying cash generating units (CGU) and their recoverable amounts in the current year. The calculation to determine the FV less cost to sell for investments uses actual and forecast earnings and carrying values as at 31 December 2021, 2022 and 2023 multiplied by the 31 December 2021 actual and 2022-2023 forecast PE and PB multiples for comparable companies. Earnings represents profit after tax before fair value adjustments, amortisation of intangibles and exceptional items. Disposal costs have been estimated at 2%. The value in use calculation uses cash flows derived from earnings projections for the years ended 31 December 2022 to 2025, together with a terminal value based on the cash flow forecast for 2025 at a perpetuity growth rate. The resulting cash flow forecasts are then discounted at a discount rate appropriate to the subsidiary to produce a VIU to the Company. The Directors have estimated the discount rate using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the market. The Company noted the net asset value of the CGU and its recoverable value remained below carrying amount of the investments in Everyday Lending Limited and therefore additional impairment was recognised on the amounts due from subsidiaries (refer note 21) to the net asset value of the CGU with no reversal of impairment on investments recognised.

During the year ended 31 December 2021, the Company recognised an impairment loss in its investment in subsidiaries totaling £2.4m (2020: £37.2m). The impairment losses recognised were as a result of the significant declines in the PE multiples of comparator companies in the non-standard finance market, increased uncertainty in the macroeconomic and regulatory environment and the significant impact of COVID-19 on future profitability and cash flow forecasts.

The impairment of the Company's investment is calculated as the difference between the recoverable amount and the carrying value of the investment. Recoverable amount has been calculated as the higher of fair value (FV) less cost-to-sell and value in use. The calculation to determine the FV less cost to sell for investments uses actual and forecast earnings and carrying values as at 31 December 2021, 2022 and 2023 multiplied by the 31 December 2021 actual and 2022-2023 forecast PE and PB multiples for comparable companies. Earnings represents profit after tax before fair value adjustments, amortisation of intangibles and exceptional items. Disposal costs have been estimated at 2%. The value in use calculation uses cash flows derived from earnings projections for the years ended 31 December 2022 to 2025, together with a terminal value based on the cash flow forecast for 2025 at a perpetuity growth rate. The resulting cash flow forecasts are then discounted at a discount rate appropriate to the subsidiary to produce a VIU to the Company. The Directors have estimated the discount rate using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the market. The Company noted the recoverable value remained below carrying amount of the combined investments held and therefore an impairment was recognised.

This investment is shown in the Company's accounts as £9.7m at the balance sheet date (2020: £12.1m).

Notes to the financial statements

15. Intangible assets

	Computer software £000
Cost or valuation	
At 1 January 2020	4,116
Additions	1,228
At 31 December 2020	5,344
Additions	1,348
Disposals	-
At 31 December 2021	6,692
Accumulated amortisation	
At 1 January 2020	(2,581)
Amortisation charge	(571)
At 31 December 2020	(3,152)
Amortisation charge	(796)
At 31 December 2021	(3,948)
Net book amount	
At 31 December 2020	2,192
At 31 December 2021	2,744

IAS 38.122 requires the Company to disclose the carrying value and remaining amortisation period of individually acquired intangible assets. The table below includes all material assets held by the Company as at 31 December 2021:

Intangible asset	Carrying value as at 31 Dec 2021 £000	Carrying value as at 31 Dec 2020 £000	Amortisation period remaining years and months
Software	2,744	2,192	2 to 5 years

Notes to the financial statements

16. Property and equipment

	Leasehold improvements £000	Computer and other equipment £000	Furniture, fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2020	6,079	2,131	1,171	9,381
Additions	815	705	168	1,688
Disposals	(232)	(100)	-	(332)
At 31 December 2020	6,662	2,736	1,339	10,737
Additions	135	32	26	193
Disposals	(209)	(1,899)	(101)	(2,209)
At 31 December 2021	6,588	869	1,264	8,721
Accumulated depreciation				
At 1 January 2020	(2,129)	(1,146)	(325)	(3,600)
Depreciation charge	(916)	(603)	(124)	(1,643)
Disposals	187	92	-	279
At 31 December 2020	(2,858)	(1,657)	(449)	(4,964)
Depreciation charge	(919)	(543)	(120)	(1,582)
Disposals	90	1,594	44	1,728
At 31 December 2021	(3,687)	(606)	(525)	(4,818)
Net book amount				
At 31 December 2020	3,804	1,079	890	5,773
At 31 December 2021	2,901	263	739	3,903

The Company's property and equipment are tested annually for impairment under IAS 36. The carrying amount of the assets remain above the recoverable amount of the assets and no impairment has occurred in the year ended 31 December 2021.

17. Right of use (ROU) assets

	2021 £000	2020 £000
Cost		
At 1 January	13,361	12,445
Additions	652	1,154
Disposals	(1,022)	(238)
At 31 December	12,991	13,361
Depreciation		
At 1 January	(4,306)	(3,224)
Charge for the year	(1,338)	(1,320)
Disposals	489	238
At 31 December	(5,155)	(4,306)
Net book value		
At 31 December	7,836	9,055

Total cash outflow for leases for the year ended 31 December 2021 was £2.0m (2020: £2.0m).

Notes to the financial statements

17. Right of use (ROU) assets *(continued)*

As described in note 1.14, the Company leases property and the average lease term for property is 10 years. The lease term for the Company ROU asset is 5 years. There are no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities.

The Company's ROU assets have been assessed for impairment under IAS 36. The carrying amount of the ROU assets remains above the recoverable amount of ROU assets and no impairment has occurred in the year ended 31 December 2021.

18. Cash and cash equivalents

Cash and cash equivalents comprise balances held at commercial banks with less than three months maturity from the date of acquisition.

	2021	2020
	£000	£000
Cash at bank	246	324

19. Deferred Taxation

	2021	2020
	£000	£000
At 1 January	-	(10)
Accelerated capital allowances and other short-term timing differences derecognised in the year	-	10
Deferred tax liability at 31 December	-	-

20. Intercompany loan

	2021	2020
	£000	£000
Everyday Lending Limited	11,144	8,066
Impairment provision	(11,144)	-
	-	8,066

Amounts due from related companies comprise amounts due from the Company's subsidiary undertaking Everyday Lending Limited. Whilst this receivable has no fixed date for repayment it is repayable on demand. It is a financial asset measured at amortised cost, the fair value of which is not considered to be significantly different from its amortised cost carrying value. The intercompany loan has been assessed for impairment and an impairment charge of £11.1m recognised during the year (2020: £nil). This impairment has arisen due to the increased risk in recoverability of the balance consistent with the material uncertainty which exists in relation to the going concern position of the entity.

In the prior year, amounts from related companies were presented within other assets. In the current year, these balances have been disclosed separately. Refer to note 1.2 for further detail.

21. Other Assets

	2021	2020
	£000	£000
Deposits	107	71
Prepayments and accrued income	910	792
	1,017	863

In the prior year, amounts due to/from related companies were presented within other assets/liabilities. In the current year, these balances have been disclosed separately. Refer to note 1.2 for further detail.

Notes to the financial statements

22. Intercompany liabilities

	2021 £000	2020 £000
George Banco Limited	-	166
Non-Standard Finance plc	1,151	-
S.D. Taylor Limited	-	1
	1,151	167

23. Provisions

	Plevin £'000	Dilapidations £'000	Restructuring £'000	Total £'000
Balance at 31 December 2019	92	980	170	1,242
Charge during the year	6	120	-	126
Utilised	(48)	-	(170)	(218)
Balance at 31 December 2020	50	1,100	-	1,150
Charge during the year	-	-	601	601
Utilised	(50)	(60)	(70)	(180)
Balance at 31 December 2021	-	1,040	531	1,571

Provisions are recognised for present obligations arising as a consequence of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can reliably be estimated. In the current year, the Company has utilised £0.07m (2020: £0.17m) from the restructuring provision, £0.06m (2020: £nil) from the dilapidation provision, released the balance of £0.05m from the Plevin provision as it was no longer required (2020: £0.05m utilised).

24. Other liabilities

	2021 £000	2020 £000
Trade payables	1,055	228
Accruals and deferred income	6,918	6,189
Other liabilities	7,973	6,417
Lease liability	8,542	9,910
	16,515	16,327
Lease liability		
Current lease liability	1,101	1,115
Non-current lease liability	7,441	8,795
	8,542	9,910

Lease liabilities maturity analysis	2021 £000	2020 £000
Not later than 1 year	1,897	2,296
Later than 1 year and not later than 5 years	7,290	9,409
Later than 5 years	2,463	2,079
Total	11,650	13,784
Unearned finance costs	(3,108)	(3,874)
Total lease liability	8,542	9,910

Notes to the financial statements

25. Share capital and share premium

Authorised:	2021	2020
	£000	£000
499,492 Ordinary shares of £1 each	499	499

	Ordinary shares No.	Share capital £	Share premium £
At 1 January and 31 December 2020	499,492	499,492	48,885,210
At 31 December 2021	499,492	499,492	48,885,210

All shares in issue are Ordinary shares of nominal value £1 each and are fully paid up.

The share premium represents the excess price paid on the issue of 493,790 shares. The premium amounted to £99 per share issued.

26. Share based payments

Equity-settled share option schemes

During the year ended 31 December 2021, the Company operated one share-based award scheme which is equity-settled: the Sharesave Plan. (2020: two share-based payment schemes being the Guarantor Loans Long-Term Incentive Plan (which lapsed on 31 December 2020) and the Sharesave Plan (SAYE scheme).

As at 31 December 2021, the Sharesave Plan (grant date May 2018) had reached the end of its vesting period and lapsed with no options exercised

Guarantor Loans Division Long-Term Incentive Plan

In 2018, awards were made under the Guarantor Loans Division Long-Term Incentive Plan. The awards were in the form of nil-cost options over shares in the Company's ultimate parent company Non-Standard plc. The vesting date was 31 December 2020. On vesting, participants would share in a 'pool' equal to 7.35% of the growth in equity value of the Guarantor Loans Division measured at 31 December 2020 above £80m. The pool is subject to an overall cap of £2.5m. On exercise of the nil-cost options, a participant will receive shares in the Company equal in value to their proportion of the pool.

As at 31 December 2020, the performance conditions attached to the Long-Term Incentive Plan were not met. Therefore, the options have lapsed as at the vesting date of 31 December 2020 with no options exercised at the end of the period.

	Percentage of pool allocated	Percentage of growth above £80m	Exercise price
Outstanding at 31 December 2019	100%	7.35%	–
Lapsed in 2020	(100%)	(7.35%)	–
Outstanding at 31 December 2020 and 2021	–	–	–
Exercisable at 31 December 2020 and 2021	–	–	–

Save As You Earn scheme

In 2017 and 2018, awards were made to employees of the Company under an HMRC tax advantaged Sharesave Plan. Under the Sharesave Plan, options were granted in three tranches with a three-year vesting period and with an exercise price set at a 20% discount to the share price at the date of grant.

Notes to the financial statements

26. Share based payments (continued)

There were no new sharesave plans during the year ended 31 December 2021 (2020: none). During the current year, the sharesave scheme granted on 14 May 2018 reached the end of its vesting period (2020: 7 June 2017 and 6 October 2017 reached the end of their vesting period). As the share price was below the exercise price, the options lapsed with nil exercised at the end of the period.

	Granted on 7 June 2017		Granted on 6 October 2017		Granted on 14 May 2018	
	Number	Exercise price (£)	Number	Exercise price (£)	Number	Exercise price (£)
Outstanding at 1 January 2019	365,700	0.5606	675,823	0.606	675,823	0.606
Lapsed	365,700	0.5606	675,823	0.606	-	-
Outstanding at 31 December 2020	-	-	-	-	675,823	0.606
Lapsed	-	-	-	-	675,823	0.606
Outstanding at 31 December 2021	-	-	-	-	-	-

b) Fair value of options granted

The main assumptions in the valuations for the share-based awards which lapsed during the prior year ended 31 December 2020 were as follows:

Guarantor Loans Division Long-Term Incentive Plan

In 2018, the Guarantor Loans Division Long-Term Incentive Plan was adopted. Under the Plan, awards could be made in the form of nil-cost options.

In the prior year, as at 31 December 2020, the performance conditions attached to the Long-Term Incentive Plan were not met. Therefore, the options have lapsed as at the vesting date with no options exercised at the end of the period. The FV of the awards made in April 2018 was £0.248m spread over the vesting period. A charge of £nil (2020: £0.092m) was recognised in the 2021 financial year.

The following information was relevant in the determination of the FV:

	18 Apr 2018
Valuation method	Monte Carlo
Equity value at grant date	£37.5m
Exercise price	£0
Expected volatility	35%
Expected life	2.7 years
Expected dividend yield	0%
Risk-free interest rate	0.76%

Notes to the financial statements

26. Share based payments (*continued*)

Sharesave Plan

In 2017, the Non-Standard Finance plc Sharesave Plan was adopted. Under the Plan, options can be made with a three-year vesting period and at an exercise price not more than a 20% discount to the share price at the date of grant and will be equity-settled. The FV of the awards made in June 2017 was £0.213m spread over the vesting period. The FV of the awards made in October 2017 was £0.378m spread over the vesting period. The Company applied modification accounting treatment in respect to the May 2018 awards which have been obtained by some participants at the same time as closing their 2017 awards. The FV of the awards made in May 2018 which do not qualify for modification treatment is £0.276m spread over the vesting period. The FV of those awards qualifying for modification treatment is £0.061m spread over the vesting period. A charge of £0.03m (2020: £0.24m) was recognised in the year ended 31 December 2021.

There have been no new sharesave plans during the year ended 31 December 2021 (2020: none). Awards made on 14 May 2018 lapsed during the current year with no options exercised at the end of the period. Awards made on 7 June 2017 and 6 October 2017 lapsed during the prior year with no options exercised at the end of the period.

The following information is relevant in the determination of the FV:

	7 Jun 2017	6 Oct 2017	14 May 2018
	Black-Scholes	Black-Scholes	Black-Scholes
Valuation method			
Share price at grant date	£0.7038	£0.7700	£0.6200
Exercise price	£0.5606	£0.6060	£0.4952
Expected volatility	28.3%	29.9%	31.1%
Expected life	3 years	3 years	3 years
Expected dividend yield	1.71%	1.30%	3.55%
Risk-free interest rate	0.13%	0.51%	0.88%

Notes to the financial statements

27. Capital Contribution Reserve

The Capital Contribution Reserve arose from the identification of inconsistencies in the tax expense recorded in the 2015 financial statements. In accordance with the tax computation submitted to HMRC, the tax expense and corresponding current tax liability position for the year ended 31 December 2015 was overstated by £1,912 million. This was corrected by transferring that value to the Capital Contribution Reserve.

28. Contingent liabilities and commitments

The Company acts as a guarantor for the Group's term loan and RCF facility arrangements.

At 31 December 2021, the Company had no contingent liabilities, no capital commitments and no commitments to extend credit to customers (2020: nil).

29. Government grants and support

During the year ended 31 December 2021, the Company received grants totalling £0.04 (2020: £0.7m) under the Coronavirus Job Retention Scheme ('CJRS') which has been presented within 'other operating income' in the statement of comprehensive income (refer to accounting policies note 1).

Coronavirus Job Retention Scheme

In the prior year, the Company implemented a series of steps designed to mitigate, as far as possible, the impact of COVID-19 on its business operations. These measures included the furloughing of over 120 employees, and utilisation of government grants offered through the CJRS. The original direction was signed by the Chancellor on 15 April 2020 and further directions were signed on 22 May 2020 and 25 June 2020 and then the Budget 2021 to extend the end of the furlough scheme to 30 September 2021. A breakdown of these grants is provided below:

	Year ended 31 Dec 2021	Year ended 31 Dec 2020
	£000	£000
Salaries	42	614
National insurance contributions	-	10
Pension contributions	-	27
Total CJRS grants received	42	651

Deferred payroll taxes

In addition to the steps taken above to mitigate the impact of COVID-19 on business operations, the Company deferred its payroll taxes due in the months May to August during the 2020 financial year. The balance of amounts deferred equated to £2.2m including interest as at 31 December 2020. The interest rate as published on HMRC's website was 2.6% per annum as at 31 December 2020. The Company agreed a Time to Pay Arrangement with HMRC during the year which completed in April 2021 and deferred amounts were fully settled. During the year ended and as at 31 December 2021, there were no deferred payroll taxes.

30. Related-party transactions

Parent company

Due to losses in 2021 combined with accumulated losses in prior years, as at 31 December 2021 the Company did not have distributable reserves and was unable to declare a dividend in the year (2020: £nil) to its immediate parent company, Everyday Loans Holdings Limited.

Transactions with directors

During 2020, £50,000 was advanced to M Flint, a company director, the loan remained outstanding as at 31 December 2020, however, was settled in full during the year ended 31 December 2021. There are no outstanding director loans as at the balance sheet date (2020: £50,000).

Summary of transactions with other related parties

During the year the Company received a service charge of £50,427,367 (2020: £58,084,766) from its subsidiary, Everyday Lending Limited, there were no other related party transactions between these entities during the year (2020: £nil). At the balance sheet date, the Company has an intercompany asset of £11.1m due from Everyday Lending Limited (2020: £8.0m intercompany asset.)

Notes to the financial statements

30. Related-party transactions (continued)

In the prior year ended 31 December 2020, the Group put in place a new six-year securitisation facility, of which £15m was drawn in April 2020. The nature of the facility required the setup of a Special Purpose Vehicle ('SPV') NSF Funding 2020 Limited, which is consolidated into Non-Standard Finance plc in line with the requirements of IFRS 10. Over the course of the current year, the SPV transacted multiple times with the company's subsidiary Everyday Lending Limited to facilitate the payment of maintenance fees (2020: transactions related to securitisation of loans and associated fees). As these transactions took place between two or more Company's within the NSF Group, they are deemed to be related party transactions. In August 2020, the NSF Group repaid the £15m (£10.5m net) previously drawn on its £200m securitisation facility such that the amount currently drawn under this facility is £nil as at 31 December 2021 (2020: £nil).

Transactions with related parties are on an arm's length basis. Refer to note 20 and note 22 for further detail regarding intercompany balances.

31. Immediate and ultimate parent company

The immediate parent company of the Company is Everyday Loans Holdings Limited, a private company limited by shares and registered in England and Wales. The ultimate parent company of the Company is Non-Standard Finance plc, a company registered in England and Wales. Non-Standard Finance plc heads the largest and smallest group in which the Company is consolidated. A copy of the consolidated financial statements of Non-Standard Finance plc may be obtained from Unit 26/27, Rear Walled Garden, The Nostell Business Estate, Wakefield, West Yorkshire, WF4 1AB, United Kingdom.

32. Controlling party

The immediate parent company of the Company, Everyday Loans Holdings Limited, is the controlling party of the Company.

33. Events after the balance sheet date

Effective 1 January 2022 the trading operations, assets and employees of the company were transferred to its wholly owned subsidiary, Everyday Lending Limited. Assets transferred exclude any inter-company loans and cash. The net book value of the assets and liabilities resulted in a net liability transfer of £1.5m.

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