

NewDay Ltd

Company number 07297722

Annual report and financial statements

31 December 2019

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Contents

General information	2
Strategic report	3
Directors' report	4
Statement of Directors' responsibilities	5
Independent auditor's report.....	6
Statement of profit and loss and other comprehensive income	8
Statement of financial position.....	9
Statement of changes in equity	10
Statement of cash flows.....	11
Notes to the financial statements.....	12

General information

Directors

James Corcoran
Ian Corfield
Mark Eyre
Rob Holt
John Hourican
Rupert Keeley
Sir Michael Rake
Alison Reed
Sanjay Sharma
Paul Sheriff
Sir Malcolm Williamson

Company secretary

Stephen Rowland

Registered office

7 Handyside Street
London
N1C 4DA

Solicitor

Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Strategic report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

Incorporation and principal activity

NewDay Ltd (the "Company") was incorporated and domiciled in England and Wales on 28 June 2010 and is a wholly owned subsidiary of NewDay Cards Ltd. The Company has legal ownership of the customer accounts that are beneficially owned by NewDay Funding Transferor Ltd, NewDay Partnership Transferor Plc and NewDay UPL Transferor Ltd (collectively the "Transferors"). The Company is the licenced issuer for all credit cards and unsecured personal loans, with servicing activities provided by NewDay Cards Ltd.

The Company is a principal member of the mastercard payment scheme and satisfies regulatory obligations to the Financial Conduct Authority and the Financial Ombudsman Service. The Company generates revenue from the provision of payment scheme services, and in turn is charged a fee for servicing activities completed on its behalf.

Review of the Company's business and future developments

The Company generated a profit after tax of £3.8m in the year ended 31 December 2019 (31 December 2018: profit of £5.1m). Revenue remained stable at £6.1m (31 December 2018: £5.6m) as have administrative expenses at £2.3m (31 December 2018: £1.8m).

The Company does not expect any significant changes to the nature of its business in the foreseeable future.

Principal risks and uncertainties

The Company participates in the Group-wide risk management framework of NewDay Group (Jersey) Limited, rather than being managed at individual entity level. Details of the Group's risk management framework, together with the Group's principal risks and uncertainties, which include those of the Company, are reported in the Annual Report and Financial Statements of NewDay Group (Jersey) Limited, which is publicly available.

The overall risk appetite of the Company is low, which is reflected in the structuring of and the flow of transactions it is a party to.

Key performance indicators (KPIs)

Given the nature of the business, the Company's Directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The audited financial statements and associated notes for the year ended 31 December 2019 are set out on pages 8 to 18. The profit for the year after taxation was £3.8m (31 December 2018: £5.1m) as shown in the statement of profit and loss and other comprehensive income on page 8. The profit before tax for the year has been added to reserves.

The Directors do not propose the payment of a dividend for the year ended 31 December 2019 (31 December 2018: £nil).

On behalf of the Board



Paul Sheriff
Director
5 March 2020

Directors' report

The Directors present their report for the year ended 31 December 2018.

Directors and company secretary

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

James Corcoran
Ian Corfield
Mark Eyre
Rob Holt
John Hourican (appointed 16 October 2019)
Rupert Keeley
Sir Michael Rake
Alison Reed
Sanjay Sharma
Paul Sheriff
Sir Malcolm Williamson

The Company Secretary who served throughout the year, was Stephen Rowland.

Ian Corfield, Mark Eyre, Rob Holt, John Hourican, Sanjay Sharma and Paul Sheriff are all Executive Directors.

Throughout the year, the Company maintained appropriate insurance cover to protect the directors from liabilities that may arise against them personally in connection with the performance of their role.

Corporate governance statement

The Company participates in the Group wide corporate governance framework of NewDay Group (Jersey) Limited which establishes procedures designed to safeguard assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives whilst enabling compliance with regulatory obligations.

Going concern

The Company is ultimately dependent on the performance of its parent company, NewDay Cards Ltd, to receive income for the provision of account compliance and payment scheme services.

The Directors believe that the existing plans and projections of business performance will be sufficient to allow the Company to continue to meet its current obligations. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the approval of the financial statements. The Directors also considered the impact of Brexit on the Company including conducting scenario analysis of the potential impact on profitability and the capital markets and assessing the Company's ability to refinance in this scenario. Considering the scenario analysis and the Company's current funding position, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis as outlined in the statement of Directors' responsibilities.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and the Directors have taken all of the steps that they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information. This statement is given and should be interpreted in accordance with section 418(2) of the Companies Act 2006.

Auditor

KPMG LLP is the auditor of the Company. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

These financial statements were authorised for issued on behalf of the Board.



Paul Sheriff
Director
5 March 2020

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board



Paul Sheriff
Director
5 March 2020

Independent auditor's report

Opinion

We have audited the financial statements of NewDay Ltd ("the company") for the year ended 31 December 2019 which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related notes, including the accounting policies in note 2

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the Financial Statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the Financial Statements. Which depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Independent auditor's report (continued)

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Karl Pountney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

5 March 2020

Statement of profit and loss and other comprehensive income

		Year ended 31 December 2019 £m	Year ended 31 December 2018 £m
	Note		
Servicing fee income	3	6.1	5.6
Total income		6.1	5.6
Administrative expenses	4	(2.3)	(1.8)
Total administrative expenses		(2.3)	(1.8)
Profit before tax		3.8	3.8
Tax income/(expense)	5	-	1.3
Profit after tax		3.8	5.1
Other comprehensive income		-	-
Total comprehensive income for the year		3.8	5.1

The profit for the year is from continuing operations.

The notes on pages 12 to 18 form an integral part of these statutory financial statements.

Statement of financial position

		As at 31 December 2019 £m	As at 31 December 2018 £m
	Note		
Assets			
Loans and advances to banks	6	26.2	36.0
Other assets	7	1.0	0.2
Amounts due from other Group entities	8	13.9	4.9
Total assets		41.1	41.1
Liabilities			
Other liabilities	9	3.2	1.9
Amounts due to other Group entities	10	19.2	24.3
Provisions	11	-	0.3
Current tax liability		0.3	-
Total liabilities		22.7	26.5
Net assets		18.4	14.6
Capital and reserves			
Share capital	12	1.2	1.2
Capital contribution	12	1.3	1.3
Retained earnings		15.9	12.1
Total equity		18.4	14.6

The notes on pages 12 to 18 form an integral part of these statutory financial statements.

The statutory financial statements on pages 8 to 18 were approved by the Board of Directors on 5 March 2020 and signed on its behalf by:



Paul Sheriff
Director

Company Number 07297722

Statement of changes in equity

	Share capital £m	Capital contribution £m	Retained earnings £m	Total equity £m
At 1 January 2019	1.2	1.3	12.1	14.6
Total comprehensive income for the year	-	-	3.8	3.8
At 31 December 2019	1.2	1.3	15.9	18.4
	Share capital £m	Capital contribution £m	Retained earnings £m	Total equity £m
At 1 January 2018	1.2	1.3	7.0	9.5
Total comprehensive income for the year	-	-	5.1	5.1
At 31 December 2018	1.2	1.3	12.1	14.6

The notes on pages 12 to 18 form an integral part of these statutory financial statements.

Statement of cash flows

	Year ended 31 December 2019 £m	Year ended 31 December 2018 £m
Operating activities		
Profit before tax	3.8	3.8
Working capital adjustments:		
Increase in loans and advances to banks repayable in more than three months	(0.4)	(5.6)
Increase in other assets	(0.8)	-
(Increase)/decrease in amounts due from other Group entities	(9.0)	1.9
Increase/(decrease) in other liabilities	1.3	(1.0)
(Decrease)/increase in amounts due to other Group entities	(5.1)	12.0
Decrease in provisions	-	(0.2)
Net cash generated from operating activities	(10.2)	10.9
Net increase in cash and cash equivalents	(10.2)	10.9
Cash and cash equivalents at beginning of year	19.6	8.7
Cash and cash equivalents at end of year	9.4	19.6

The notes on pages 12 to 18 form an integral part of these statutory financial statements.

Notes to the financial statements

1. Corporate information

NewDay Ltd (the "Company") was incorporated and domiciled in England and Wales on 28 June 2010. It was incorporated as Progressive Credit Limited, but changed its name to NewDay Ltd on 1 April 2014. The registered office is included on page 2. The principal activities of the Company are described in the strategic report.

The financial statements of the Company for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 5 March 2020.

2. Accounting policies

2.1 Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS as endorsed by the EU and the International Financial Reporting Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements of the Company have been prepared on the historical cost basis, are presented in Sterling and all values are rounded to the nearest £0.1 million, except where otherwise stated.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has sufficient resources to continue in business for the foreseeable future. The Directors also considered the impact of Brexit on the Company including conducting scenario analysis of the potential impact on profitability and the capital markets and assessing the Company's ability to refinance in this scenario. Considering the scenario analysis and the Company's current funding position, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis as outlined in the statement of Directors' responsibilities.

Presentation of financial statements

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

2.2 Summary of significant accounting policies

(1) Foreign currency translation

The financial statements are presented in Sterling, which is the presentational and functional currency of the Company. The Company transacts wholly in Sterling.

(2) Recognition of income and expenses

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Servicing fee income is recognised when it becomes due in accordance with contractual agreements between the Company and NewDay Cards Ltd.

(ii) Expenses

Operating expenses are recognised to the extent that the amounts have been incurred and can be measured reliably. Administration costs are recognised when they become due in accordance with contractual agreements between the Company and NewDay Cards Ltd.

(3) Tax

(i) Current tax

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

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using the tax rate and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related tax asset is realised or the tax liability is settled. Deferred tax assets are recognised only when it is probably that future taxable profits will be available against which these temporary differences can be utilised. The carrying

Notes to the financial statements (continued)

(ii) Deferred tax (continued)

value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

(4) Cash and balances with banks

Cash and balances with banks as referred to in the statement of financial position comprise cash in hand, restricted current accounts and amounts due on demand or with an original maturity of three months or less. Amounts which are restricted are detailed in note 8.

(5) Impairment of financial assets

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

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

(6) Provisions

Provisions are recognised where a present obligation (legal or constructive) exists as a result of a past event, it is probably the Company will be required to settle that obligation and a reliable estimate of the obligation can be made. The amount recognised is the best estimate of the consideration required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The Group is, from time to time and in the normal course of business, subject to a variety of legal or regulatory claims, actions or proceedings. When such circumstances arise management provides for its best estimate of cost where an outflow of economic resources is considered probable.

(7) Ordinary shares

The Company applies IAS 32 'Financial Instruments: Presentation' to determine whether funding is either a financial liability or equity.

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

(8) Dividends on ordinary shares

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

2.3 Significant accounting judgements, estimates and assumptions

(1) Provisions

The Company is, from time to time and in the normal course of business, subject to a variety of legal or regulatory claims, actions or proceedings. When such circumstances arise management provides for its best estimate of cost where an outflow of economic resources is considered probable. The provision in the statement of financial position reflects the Director's current view of the expected future liability using management's best judgement regarding future developments. The nature and inherent uncertainty relating to these judgements and estimates means that the forecast outcome may be different to the actual economic outflow.

2.4 Adoption of new and revised standards

The following new standards, interpretations and amendments to existing standards are mandatory for the first time for the year ended 31 December 2019 but do not have a significant impact on the Company:

- IFRS 16 'Leases'
- Amendments to IFRS 9 for prepayment features with negative compensation and modifications of financial liabilities;

Notes to the financial statements (continued)

2.4 Adoption of new and revised standards (continued)

- IFRIC 23 'Uncertainty over Income Tax Treatments';
- Amendments to IAS 19 'Employee benefits';
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'; and
- Annual improvements to IFRSs 2015-2017 cycle.

2.5 Standards issued but not yet effective

The following accounting standards and interpretations have been issued by the International Accounting Standards Board (IASB) but have not been early adopted by the Company:

- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. The amendments resolve the conflict between the existing guidance on consolidation and equity accounting. The amendments are not expected to have a significant impact on the Company's financial statements;
- Amendments to IFRS 3 'Business Combinations'. The amendments provide more guidance on the definition of a business and are not expected to have a significant impact on the Company's financial statements.
- Amendments to IFRS 14 'Regulatory Deferral Accounts'. The amendments provide interim guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS and are not expected to have a significant impact on the Company's financial statements;
- IFRS 17 'Insurance Contracts'. IFRS 17 replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. This standard is not expected to have a significant impact on the Company's financial statements;
- Amendments to IAS 1 and IAS 8 for the definition of material. The amendments are not expected to have a significant impact on the Company's financial statements; and
- Amendments to References to Conceptual Framework in IFRS Standards. The amendments are not expected to have a significant impact on the Company's financial statements.

3. Servicing fees

	Year ended 31 December 2019 £m	Year ended 31 December 2018 £m
Servicing fees	6.1	5.6
	6.1	5.6

4. Administrative expenses

	Year ended 31 December 2019 £m	Year ended 31 December 2018 £m
Administration costs	2.3	1.8
	2.3	1.8

External audit fees of £7,500 for the audit of the Company's financial statements were borne by NewDay Cards Ltd (2018: £5,500).

5. Taxation

	Year ended 31 December 2019 £m	Year ended 31 December 2018 £m
Tax income/(expense)	-	1.3
	-	1.3

For the period from 1 January 2019 to 31 December 2019 the enacted UK corporation tax rate was 19.00% (2018: 19.00%).

Notes to the financial statements (continued)

5. Taxation (continued)

The tax reconciliation is shown below:

	Year ended 31 December 2019 £m	Year ended 31 December 2018 £m
Profit before tax	3.8	3.8
Tax charge at average UK corporation tax at 19.00% (2018: 19.00%)	0.7	0.7
Effects of :		
Group losses offset against Company profits	(0.7)	(0.7)
Provision for prior year tax	-	1.3
Tax income/(expense)	-	1.3

6. Loans and advances to banks

	As at 31 December 2019 £m	As at 31 December 2018 £m
Cash and cash equivalents	9.4	19.6
Restricted cash	16.8	16.4
	26.2	36.0

Cash and balance with banks are held with large commercial banks. Restricted cash of £16.8m is restricted for more than one year and consists of ring fenced cash in relation to loans and advances to customers.

7. Other assets

	As at 31 December 2019 £m	As at 31 December 2018 £m
Prepayments and accrued income	1.0	0.2
	1.0	0.2

8. Amounts due from other Group entities

	As at 31 December 2019 £m	As at 31 December 2018 £m
Amounts due from other Group entities	13.9	4.9
	13.9	4.9

Amounts due from other Group entities are unsecured, have no fixed date for repayment and no interest accrues on these amounts.

9. Other liabilities

	As at 31 December 2019 £m	As at 31 December 2018 £m
Trade payables and accruals	2.9	1.9
Other liabilities	0.3	-
	3.2	1.9

Notes to the financial statements (continued)

10. Amounts due to other Group entities

	As at 31 December 2019 £m	As at 31 December 2018 £m
Amounts due to other Group entities	19.2	24.3
	19.2	24.3

Amounts due to other Group entities are unsecured, repayable on demand and no interest accrues on the balances.

11. Provisions

	As at 31 December 2019 £m	As at 31 December 2018 £m
Opening provisions	0.3	1.8
Arising/(released) during the year	-	(1.5)
Utilised during the year	(0.3)	-
	-	0.3

Provisions consists of an amount potentially payable as a result of non-customer related regulatory enquiries. The Company is, from time to time and in the normal course of business, subject to a variety of legal or regulatory claims, actions or proceedings. When such circumstances arise management provides for its best estimate of cost where an outflow of economic resources is considered probable.

12. Share capital and reserves

	As at 31 December 2019 £m	As at 31 December 2018 £m
Share capital	1.2	1.2
Capital contribution	1.3	1.3
	2.5	2.5

Called up and fully paid share capital

Ordinary shares (£1 each)

As at 31 December 2018 and 2019

Issued share capital	
Number of shares	Nominal value £
1,166,933	1,166,933

The Company was incorporated on 28 June 2010 and has authorised share capital of 1,166,933 £1 ordinary shares. The shares are non-redeemable and hold full rights in respect of voting and entitle the holders to full participation in respect of equity and in the event of winding up of the Company. The share capital is wholly owned by NewDay Cards Ltd.

In accordance with the Companies Act 2006, the Company has no authorised capital other than its issued capital. These shares rank equally in respect of rights attaching to voting, dividends and in the event of winding up of the Company.

No dividends were paid or proposed during the year (2018: £nil). No dividends have been declared post year end.

The Company's capital is represented by the capital and reserves attributable to equity holders. As an Authorised Payment Institution, the Company is subject to externally imposed capital requirements by the Financial Conduct Authority (FCA) under the Payment Services Regulations (2017). During the year, the Company complied with all externally imposed capital requirements. The Company manages its capital and reserves in to ensure there is sufficient capital to meet the needs of its operations.

Notes to the financial statements (continued)

13. Fair value of financial instruments

Fair value hierarchy

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

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: other techniques for which all inputs, other than observable unadjusted quoted prices included within level 1, which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- level 3: techniques which use inputs having a significant effect on the recorded fair value not based on observable market data.

Fair value of financial instruments carried at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments.

As at 31 December 2019					
	Level 1	Level 2	Level 3	Carrying value	Fair value
	£m	£m	£m	£m	£m
Financial assets					
Loans and advances to banks	-	26.2	-	26.2	26.2
Amounts due from other Group entities	-	13.9	-	13.9	13.9
Total financial assets	-	40.1	-	40.1	40.1
Financial liabilities					
Other liabilities	-	(3.2)	-	(3.2)	(3.2)
Amounts due to other Group entities	-	(19.2)	-	(19.2)	(19.2)
Total financial liabilities	-	(22.4)	-	(22.4)	(22.4)
As at 31 December 2018					
	Level 1	Level 2	Level 3	Carrying value	Fair value
	£m	£m	£m	£m	£m
Financial assets					
Loans and advances to banks	-	36.0	-	36.0	36.0
Amounts due from other Group entities	-	4.9	-	4.9	4.9
Total financial assets	-	40.9	-	40.9	40.9
Financial liabilities					
Other liabilities	-	(1.9)	-	(1.9)	(1.9)
Amounts due to other Group entities	-	(24.3)	-	(24.3)	(24.3)
Total financial liabilities	-	(26.2)	-	(26.2)	(26.2)

Loans and advances to banks:

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

Other assets and amounts due from other Group entities:

Other assets consist of loans and receivables. The fair value of other assets approximates to their carrying value because there have been no significant market conditions that would have caused a difference between these two values. These have been classified as level 2 because these items can be re-priced using market observable inputs.

Notes to the financial statements (continued)

13. Fair value of financial instruments (continued)

Other liabilities and amounts due to other Group entities:

Other liabilities are made up of intercompany creditors, accounts payable and accruals. The fair value of other liabilities approximates to their carrying value because there have been no significant market conditions that would have caused a difference between these two values. These have been classified as level 2 because these items can be re-priced using market observable inputs.

14. Controlling party and consolidation

The Company's immediate parent company is NewDay Cards Ltd, a company registered in England and Wales, which holds the entire issued share capital of the Company. Nemean TopCo Limited, a private limited company incorporated in Jersey, is the ultimate parent undertaking.

The financial statements of the Company are consolidated into the financial statements of NewDay Group (Jersey) Ltd on the basis that it has the power to govern the financial and operating policies of the entity, has the exposure, or rights to the variable returns from involvement with the Company, and is able to use its power to affect the amount from returns for NewDay Ltd.

Copies of the NewDay Group (Jersey) Limited consolidated financial statements are available from the Company's website www.newday.co.uk or its registered offices at:

27 Esplanade
St Helier
Jersey
JE1 1SG

15. Related party transactions

	Year ended 31 December 2019 £m	As at 31 December 2019 £m	Year ended 31 December 2018 £m	As at 31 December 2018 £m
Related parties				
Amounts due from related parties	n/a	13.9	n/a	4.9
Amounts owed to related parties	n/a	(19.2)	n/a	(24.3)
Other income from related parties	6.1	n/a	5.6	n/a
Other expenses paid to related parties	(2.1)	n/a	(1.9)	n/a

The Company has no employees (2018: none). No Directors' remuneration was paid by the Company during the year (2018: £nil). Directors' remuneration is borne by NewDay Cards Ltd. Details of Directors' emoluments are provided in note 26 of the Group's consolidated financial statements.

The Company received fee income from NewDay Cards Ltd of £6.1m (2018: £5.6m) in relation to the administration of the *aqua*, *marbles* and *opus* credit card portfolio's as well as the Co-brand credit cards. The Company paid NewDay Cards Ltd £2.1m (2018: £1.9m) in relation to overheads incurred by NewDay Cards Ltd.