NewDay Group Ltd

Company number 07753556

Annual report and financial statements

31 December 2020

Contents

General information

Directors

John Hourican
Paul Sheriff

Registered office

7 Handyside Street
London
N1C 4DA

Solicitor

Slaughter and May
1 Bunhill Row
London
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Auditor

KPMG LLP
1 Sovereign Square
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Strategic report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2020.

Incorporation and principal activity

NewDay Group Ltd (the "Company") was incorporated and domiciled in England and Wales on 26 August 2011. The Company was formed to acquire all of the interest in NewDay Cards Ltd.

Review of the Company's business and future developments

The Company is an investment company, £13.0m of dividends were paid and £13.0m of dividends were received in 2020 (2019: £56.7m).

The Company does not expect 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 and resulting from the COVID-19 pandemic, are reported in the Annual Report and Financial Statements of NewDay Group (Jersey) Limited, which is publicly available.

The Company has a significant investment in another entity. There is a risk that the value of this investment may deteriorate as a result of the performance of the subsidiary. Performance is reviewed on a regular basis and corrective action to protect the value of the investment is taken as appropriate.

Key performance indicators

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 for the year ended 31 December 20209 are set out on pages 9 to 19. The result for the year after taxation was a profit of £12.9m (2019. £56.6m) as shown in the statement of profit and loss and other comprehensive income on page 8.

The Directors proposed and paid dividends of £13.0m for the year ended 31 December 2020 (2019: £56.7m).

On behalf of the Board

Paul Sheriff
Director
London
10 March 2021

Directors' report

The Directors present their report for the year ended 31 December 2020.

Directors

The Directors who held office during the year and up to the date of approval of the annual report and financial statements were as follows:

John Hourican
Paul Sheriff

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 establish 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 solely dependent on the performance of its subsidiary NewDay Cards Ltd to ensure the carrying value of its investment is recoverable.

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 have considered the impact of Brexit and the COVID-19 pandemic 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.

The Directors also considered the position of NewDay Group (Jersey) Limited, its ultimate parent, in conjunction with the wider Group. The Directors of NewDay Group (Jersey) Limited have concluded that there are no material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern and that it is appropriate to prepare the Group's financial statements on a going concern basis. The audit report on the financial statements of NewDay Group (Jersey) Limited is not qualified and does not contain an emphasis of matter paragraph in respect on going concern.

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 each Director has taken all of the steps that they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information. 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 issue on behalf of the Board.

Paul Sheriff
Director
10 March 2021

Statement of Directors' responsibilities

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 Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006 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 IAS in conformity with the requirements of the Companies Act 2006;
- 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
10 March 2020

Independent auditor's report

Opinion
We have audited the financial statements of NewDay Group Ltd ("the Company") for the year ended 31 December 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud as part of the NewDay Group's overall risk assessment (which incorporates the Company). Our risk assessment procedures included:
- Enquiring of Directors, Those Charged With Governance, Internal Audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Company's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Board Audit Committee and Board Risk Committee minutes.
- Considering remuneration incentive schemes and performance targets for management under the Group's Management Incentive Plan.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited complexity/judgment applied in the calculation and recognition of revenue.

Independent auditor's report (continued)

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those whose descriptions contained reference to Group executives.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

In addition, our assessment of risks involved gaining an understanding of the control environment including the Company's procedures for complying with laws and regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: conduct, bribery, money laundering and financial crime and certain aspects of Company legislation recognising the financial nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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.

Independent auditor's report (continued)

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.

K G Pountney

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

10 March 2021

Statement of profit and loss and other comprehensive income

	Note	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Income from shares in Group undertakings	11	13.0	56.7
Interest and similar expense	3	(0.1)	(0.1)
Operating profit		**12.9**	**56.6**
Profit before tax		**12.9**	**56.6**
Tax expense	5	-	-
Profit for the year		**12.9**	**56.6**
Other comprehensive expense		-	-
Total comprehensive income		**12.9**	**56.6**

The notes on pages 13 to 19 form an integral part of these statutory financial statements.

Statement of financial position

	Note	As at 31 December 2020 £m	As at 31 December 2019 £m
Assets			
Investment in subsidiary	6	72.6	72.6
Other assets		0.1	0.1
Total assets		**72.7**	**72.7**
Liabilities			
Other liabilities	8	0.3	0.2
Total liabilities		**0.3**	**0.2**
Net assets		**72.4**	**72.5**
Capital and reserves			
Share capital	9	-	-
Capital contribution	9	8.9	8.9
Retained earnings		63.5	63.6
Total equity		**72.4**	**72.5**

The notes on pages 13 to 19 form an integral part of these statutory financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors on 10 March 2021 and signed on its behalf by:

Paul Sheriff
Director

Company number. 07753556

Statement of changes in equity

	Share capital £m	Share premium £m	Capital contribution £m	Retained earnings £m	Total equity £m
At 1 January 2020	-	-	8.9	63.6	72.5
Total comprehensive income for the year	-	-	-	12.9	**12.9**
Dividends paid	-	-	-	(13.0)	**(13.0)**
At 31 December 2020	**-**	**-**	**8.9**	**63.5**	**72.4**

	Share capital £m	Share premium £m	Capital contribution £m	Retained earnings £m	Total equity £m
At 1 January 2019	-	-	8.9	63.7	72.6
Total comprehensive income for the year	-	-	-	56.6	56.6
Dividends paid	-	-	-	(56.7)	(56.7)
At 31 December 2019	**-**	**-**	**8.9**	**63.6**	**72.5**

The notes on pages 13 to 19 form an integral part of these statutory financial statements.

Statement of cash flows

	Note	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Operating activities			
Profit before tax		12.9	56.6
Adjustments for:			
Interest and similar expense	3		
Changes in working capital:			
Increase in other assets		-	(0.1)
Increase in other liabilities	8	0.1	0.2
Net cash used in operating activities		**13.0**	**56.7**
Financing activities			
Dividends paid	9	(13.0)	(56.7)
Net cash generated from financing activities		**(13.0)**	**(56.7)**
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year	7	**-**	**-**

The notes on pages 13 to 19 form an integral part of these statutory financial statements.

Notes to the financial statements

1. Corporate information

NewDay Group Ltd (the "Company") was incorporated in England and Wales on 26 August 2011. The address of its 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 2020 were authorised for issue by the Directors on 10 March 2021.

2. Accounting policies

2.1 Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006. The comparative information has been prepared in accordance with IFRS as endorsed by the EU, there is no difference between IAS and IFRS endorsed by the EU therefore the change has had no impact on the financial statements.

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 Company is solely dependent on the performance of its subsidiary NewDay Cards Ltd to ensure the carrying value of its investment is recoverable.

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 and the COVID-19 pandemic 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.

The directors' considerations in respect of going concern are explained in further detail in the Directors' report on page 4.

Presentation of financial statements

The Company presents its statement of financial position in order of liquidity.

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

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

(2) Financial instruments

(i) Date of recognition

Financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)

(ii) Classification of financial assets and financial liabilities

IFRS 9 Financial Instruments contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Classification is based on the business model in which a financial asset is managed and the contractual cash flow characteristics of the financial instruments (whether these are solely payments of principal and interest or not). The Company's business model objective is to hold assets to collect the contractual cash flows. Any financial asset sales are incidental to the objective of the business model. The Company has assessed the contractual cash flow characteristics of its financial assets to be consistent with a basic lending arrangement, being cash flows that are predominantly payments of principal and interest on the principal amount outstanding. Accordingly, the Company's financial assets are classified as measured at amortised cost.

Financial liabilities are held either as fair value or amortised cost depending on the nature of the underlying instrument.

(iii) Loans and advances to banks

Loans and advances to banks, as referred to in the balance sheet, comprise cash and cash equivalents (which are amounts due on demand or with an original maturity of three months or less).

(iv) Debt issued and other borrowed funds

Financial liabilities that are not designated at fair value through profit and loss are classified as liabilities under debt issued and other borrowed funds where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset.

After initial measurement, debt issued and other borrowed funds are measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on issue and directly attributable, incremental issue costs (such as debt funding issuance fees) that are an integral part of the EIR.

(3) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:
  - o the Company has transferred substantially all the risks and rewards of the asset; or
  - o the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset but it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement determined by the extent to which it is exposed to changes in the value of the transferred asset.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the income statement.

(4) Determination of fair value

For all financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist and other relevant valuation models.

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)
(5) Impairment of financial assets
Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Company assesses impairment on a collective basis for all financial assets that are not individually significant.

IFRS 9 prescribes a forward-looking Expected Credit Loss (ECL) model for financial assets measured at amortised cost. An impairment provision is recognised on origination of a financial asset, based on its expected credit loss. Under IFRS 9, expected loss allowances are measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition (including those which are credit-impaired) or if it was purchased or originated credit-impaired (POCI), otherwise the 12-month ECL measurement applies.

Financial assets where 12-month ECL is recognised are classified as 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk since initial recognition but are not credit-impaired, are classified as 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit-impaired, are classified as 'stage 3'.

(6) Recognition of income and expenses
Income and expenses are recognised to the extent that it is probable that economic benefits will flow to or from the Company and the amount can be reliably measured. The following specific recognition criteria must also be met before income or expenses are recognised:

(i) Interest and similar income and expense
Interest income and expense are recognised in the income statement using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying value of the financial assets; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments the Company estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses. The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(ii) Administration expenses
Administration expenses are recognised on an accruals basis, when the amounts are incurred by the Company and the amount can be reliably measured.

(7) Tax expense
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 amount are those that are enacted or substantively enacted by the reporting date.

At incorporation the Company was automatically and mandatorily entered into the permanent regime for the taxation of securitisation companies. Taxable profits under the permanent regime will equal the contractually retained profit as defined by the transaction documents.

(8) 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.

2.3 Significant accounting judgements, estimates and assumptions
The Company has made no significant judgements, estimates or assumptions in the year.

Notes to the financial statements (continued)

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 2020 but do not have a significant impact on the Company:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Amendments to IAS 1 and IAS 8 for the definition of material;
- Amendments to IFRS 3 'Business Combinations'; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 for interest rate benchmark reform.

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:

- Amendment to IFRS 16 'Leases' for COVID-19 released rent concessions. This amendment is not expected to have a significant impact on the Company's financial statements;
- Interest Rate Benchmark Reform- Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). The amendments are not expected to have a significant impact on the Company's financial statements;
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. This amendment clarifies the costs that comprise the costs of fulfilling a contract. This amendment is not expected to have a significant impact on the Company's financial statements;
- Amendment to IFRS 16 'Leases' for property, plant and equipment: proceeds before intended use. This amendment provides more guidance on accounting for the proceeds from selling items before the related item of property, plant and equipment is available for use. The amendment is not expected to have a significant impact on the Company's financial statements;
- 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;
- Amendments to IAS 1 'Presentation of Financial Statements'. The amendments provide more guidance on the definition of a current and non-current liability. The amendments are not expected to have a significant impact on the Company's financial statement;
- 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; and
- Annual improvements to IFRS Standards 2018-2020. This standard is not expected to have a significant impact on the Company's financial statements.

3. Interest and similar expense

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Other interest expense	0.1	0.1
	0.1	**0.1**

4. Administration expenses

External audit fees of £8,000 (2019: £7,500) for the audit of the Company's financial statements were borne by its subsidiary, NewDay Cards Ltd.

The Company has no employees. The Directors did not receive any emoluments in respect of their services to the Company for the period (2019: £nil).

5. Tax expense

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Tax expense	-	-
	-	**-**

For the period from 1 January 2020 to 31 December 2020 the enacted UK corporation tax rate was 19.00% (2019: 19.00%).

Notes to the financial statements (continued)

5. Tax expense (continued)

The tax reconciliation is show below:

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Profit before tax	12.9	56.6
Tax charge at average UK corporation tax of 19.00% (2019: 19.00%)	2.5	10.8
Effects of:		
Disallowable items and allowable deductions	(2.5)	(10.8)
Tax expense	**-**	**-**

6. Investment in subsidiary

The Company holds a 100% share of the ordinary shares of NewDay Cards Ltd.

	As at 31 December 2020 £m	As at 31 December 2019 £m
Investment in NewDay Cards Ltd	72.6	72.6
Investment in NewDay Technology Ltd	-	-
	72.6	**72.6**

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

On 7 July 2020 NewDay Group Ltd bought the entire share capital of NewDay Technology Limited, previously Invicta Card Services Limited (a previously dormant entity), from NewDay Cards Ltd for consideration of £1.

The principal place of business of NewDay Cards Ltd and NewDay Technology Ltd is in the United Kingdom and their registered office is 7 Handyside Street, London, N1C 4DA.

7. Other assets

	As at 31 December 2020 £m	As at 31 December 2019 £m
Amounts due to from Group entities	0.1	0.1
	0.1	**0.1**

8. Other liabilities

	As at 31 December 2020 £m	As at 31 December 2019 £m
Amounts due to other Group entities	0.3	0.2
	0.3	**0.2**

Notes to the financial statements (continued)

9. Share capital and reserves

	As at 31 December 2020 £m	As at 31 December 2019 £m
Share capital	-	-
Capital contribution	8.9	8.9
	8.9	**8.9**

Called up and fully paid share capital	**Issued and fully paid**	
Ordinary shares	**Number of shares**	**Nominal value £**
As at 31 December 2019 and 2020	**1,000**	**1,000**

The Company was incorporated on 26 August 2011 with an authorised share capital of one £1 ordinary share. On 2 November 2011 ordinary share capital of 65,739,118 with a nominal value of £1 each was issued at par. On 13 April 2017 the Company made a further issuance of 14,776,647 ordinary shares with a nominal value of £1 each for consideration of £88,771k. The share capital issued on 13 April 2017 was initially acquired by NewDay Group Holdings S.à r.l. and was subsequently sold, on the same day, to NewDay Holdings Ltd. On 4 December 2017 the Company reduced its issued share capital to 1,000 ordinary shares with a nominal value of £1 each. All shares issued are fully paid.

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 a share of the equity in the event of winding up of the company. The share capital is wholly owned by NewDay Holdings Ltd.

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

Dividends of £13.0m were proposed and paid during the year (2019: £56.7m).

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

10. Controlling party and consolidation

The Company's immediate parent undertaking is NewDay Holdings Ltd, a company registered in England and Wales. The Company's ultimate controlling party is Nemean TopCo Limited, a private limited company incorporated in Jersey.

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 Company;
- has the exposure, or rights to the variable returns from involvement with the Company; and
- is able to use its powers to affect the amount of returns of the Company.

Copies of the NewDay Group (Jersey) Ltd 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

Notes to the financial statements (continued)

11. Related parties

	Year ended 31 December 2020 £m	As at 31 December 2020 £m
Amounts due from to other Group entities	n/a	0.1
Amounts due to other Group entities	n/a	0.3
Income from shares in Group undertakings	13.0	n/a

	Year ended 31 December 2019 £m	As at 31 December 2019 £m
Amounts due from to other Group entities	n/a	0.1
Amounts due to other Group entities	n/a	0.2
Income from shares in Group undertakings	56.7	n/a

The Company has no employees and no Directors' remuneration or fees were paid directly by the entity during the year (2019: £nil). Directors' remuneration is borne by NewDay Cards Ltd. Details of Directors' emoluments are provided in the notes of the Group consolidated financial statements.

The Company received dividends of £13.0m and paid dividends of £13.0m during the year (2019: £56.7m).

All related party transactions during the year were made on terms equivalent to those that prevail in arms' length transactions.