Company Registration No. 07959823

New Wave Capital Limited

Group annual report and financial statements

For the year ended 31 March 2023

NEW WAVE CAPITAL LIMITED

COMPANY INFORMATION

Directors	George Karibian Juan Farrarons David Luck Anthony Faillace Andrew Roberto
Company secretary	Filex Services Limited No. 1 London Bridge London SE1 9BG
Registered number	07959823
Registered office	No.1 London Bridge London SE1 9BG
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

NEW WAVE CAPITAL LIMITED

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their Strategic Report on New Wave Capital Limited ("the Company") and its subsidiaries, as shown in note 15 (together "the Group"), for the year ended 31 March 2023.

Business review and principal activities
The principal activity of the Company and Group is providing various financing and business reward solutions to small and medium sized businesses in the UK and US under the trading name Capital on Tap.

The Group continued its growth trajectory in the year, with net interest income climbing 47% on prior year to £109.1m (2022: £74.3m (restated)). The majority of the Group's net interest income came from the UK business, where continued growth in the year has led to an increase in loans from £348.4m (restated) to £577.8m. The US business had net interest income in the year of £12.1m (2022: £2.7m) and the business continues to optimise the product offering and customer selection to build the portfolio which has grown to £52.5m as at the reporting date (2022: £38.4m). In June 2022 the Group sold the Spanish portfolio as part of a closing down of the Spanish business. Overall, the Group made a loss for the financial year of £3.5m (2022: loss of £32.4m (restated)). Full details of the Group's performance are shown in the Consolidated Statement of Profit or Loss on page 18. The Company made a profit for the year of £46.6m (2022: loss of £17.6m (restated)).

Inflationary pressures, energy prices and global interest rate volatility have led to challenging and uncertain market and economic conditions as at the year-end, which are likely to continue in the near future. Despite these difficult conditions, our outlook for the business remains positive. However, we remain vigilant to the impact of these events on macroeconomic conditions and will continue to assess these risks in our ongoing management of the Group and Company.

Principal risks and uncertainties
The Group is subject to principal risks and uncertainties as detailed below:

Credit risk
The decreased ability for our customers to repay monies borrowed could have a material impact on the Group's performance. This risk is monitored and managed through key performance indicators and reviewed by the senior management team monthly. Additionally, the Group works with debt recovery services to mitigate this risk.

The impact of inflationary pressures, energy prices and global interest rate volatility on the national and international economy impacts upon this principal risk, as the recoverability of loans in the portfolio may be affected by changes to the macroeconomic environment in which customers operate. A more detailed review of the impact of these factors on the Group and how the Group has worked to mitigate this impact can be found in note 5.1.3 of the notes to the financial statements.

Continued access to liquidity
To support its portfolio, the Group requires access to debt capital markets. The business maintains adequate future funding commitments in its existing facilities to finance the future growth of the business and see no reason why they would not be able to secure further funding in the future. On 2 August 2022 the Group executed a deal for a further £190.0m of secured funding via a new funding vehicle, Westbourne 8 Limited, further details of which can be found in note 19.

After the close of the year the Company successfully completed its first public funding deal on 20 June 2023 which raised £250m via a new funding vehicle, London Cards No.1 ltd, further details of which can be found in note 28, which provides further detail of this continued access to funding after the reporting date.

On 28 September 2022, the business signed a Revolving Credit Facility ('RCF') agreement for £100m to support the continued expansion.

Competition
Provision of finance is a competitive marketplace. Entrance of multiple and / or large competitors with significant financial resources could result in either reduced profitability or a reduced rate of market share capture. Management continuously monitors market competition to adjust product and optimise profit margins.

Future developments

The Group will continue to focus on growing its offering to small and medium-sized businesses in the UK and the US, which will be achieved through leveraging our current operational capabilities. Management have access to sufficient liquidity and capital to achieve this objective through our existing funding partners.

Ongoing impacts from inflationary pressures, energy prices and global interest rate volatility continue to drive global economic uncertainty.

In the UK and US, the approach of central banks to rising inflation has been to increase interest rates. Further interest rates rises are anticipated in the short term but expected to stabilise over the next 12 months as inflationary pressures reduce.

These macroeconomic factors will impact businesses of all sizes in the future, including the small and medium sized businesses that the Group services, and represent the key risks to the Group's future performance foreseen by the Directors at the reporting date.

The Group continues to monitor the potential impact of these events on the future performance of the business through its existing financial risk management framework, as described further in the Directors' Report.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires Directors to act in a way that would most likely promote the success of the Company for the benefit of its members as a whole. Section 172 requires directors to consider, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

In discharging our section 172 duties the Directors have regard to the matters set out above.

The Directors delegate day-to-day management of the Company to key employees and then work with management in setting, approving and overseeing business strategies and related policies. Board meetings are held periodically where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions.

The Company's key stakeholders are its customers, employees, suppliers, regulators, Government agencies, and non-governmental organisations. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions.

In accordance with section 426b of the Companies Act 2006 a copy of this statement is available at www.capitalontap.com/en/s172.

Use of Adjusted Performance measures by Management

The Board of Directors and Management use a range of key performance indicators ("KPIs") to target, measure and assess the performance of the business.

The results in the financial statements starting on page 18 of this document are prepared in accordance with UK-adopted international accounting standards ('UK-adopted IAS' or 'IFRS').

Internal results used for the assessment of business performance by management are prepared on the basis of IFRS with adjustments applied by management, where such adjustments do not meet the criteria for recognition and measurement under IFRS but which are relevant to how management assesses the overall performance of the business.

To calculate this adjusted business performance (the "Adjusted Performance", "AP"), management make the following adjustments:
- the provision and impairment charge on loans and advances to customers as calculated by IFRS9 is reversed, and is replaced with a full impairment for all loans and advances to customers which are defaulted as per the default definition in note 30
- the impact of any material exceptional items occurring outside of the normal course of business is reversed

Management considers this Adjusted Performance as an additional view of ongoing performance:
- By replacing the forward-looking IFRS9 impairment provision, which requires recognition of expected credit losses on assets prior to the identification of any impairment triggers, with an incurred loss provisioning approach, the Statement of Profit or Loss better reflects the performance of the Group in the period. For example, should the economic forecast significantly worsen immediately prior to the end of the reporting period, under IFRS9 the credit loss expense recognised in the period would be increased to reflect potentially higher future defaults. This would more reflect the business' position at the reporting date, forecasting higher defaults in the future, than the business' performance in the reporting period, during which no such increase in defaults had materialised.
- Removing material exceptional items in the period which are, by nature, non-recurring better reflects the underlying performance of the Group from its ongoing trading activities.

A reconciliation between the Statement of Profit or Loss and Statement of Financial Position reported under UK-adopted IFRS and this Adjusted Performance, used to calculate key financial indicators is provided below.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023
Statement of Profit and Loss (Group only, to Profit/(loss) before tax)

			UNAUDITED			*UNAUDITED*
		2023		Restated	2022	
	IFRS results	Adj.	Adj. Performance	IFRS results	Adj.	Adj. Performance
	£000s	£000s	£000s	£000s	£000s	£000s
Interest and similar income	156,648	-	156,648	99,512	-	99,512
Interest and similar expense	(47,533)	-	(47,533)	(25,201)	-	(25,201)
Net interest income	**109,115**	**-**	**109,115**	**74,311**	**-**	**74,311**
Fee and commission income	62,015	-	62,015	32,653	-	32,653
Fee and commission expense	(31,796)	-	(31,796)	(14,869)	-	(14,869)
Net fee and commission income	**30,219**	**-**	**30,219**	**17,784**	**-**	**17,784**
Total net income	**139,334**	**-**	**139,334**	**92,095**	**-**	**92,095**
Credit loss expense on financial assets	(62,744)	(11,460)	(74,204)	(91,921)	61,639	(30,282)
Net operating income	**76,590**	**(11,460)**	**65,130**	**174**	**61,639**	**61,813**
Personnel expenses	(33,532)	-	(33,532)	(15,966)	-	(15,966)
Depreciation and amortisation expense	(1,193)	-	(1,193)	(481)	-	(481)
Other operating expenses	(31,471)	-	(31,471)	(27,178)	-	(27,178)
Exceptional items	(275)	275	-	3,203	(3,203)	-
Profit/(loss) before tax	**10,119**	**(11,185)**	**(1,066)**	**(40,248)**	**58,436**	**18,188**

Note: The column entitled "Adj." in the above table details adjustments applied to the IFRS results in reaching the Adjustment Performance. The column entitled "Adj. Performance" details this Adjusted Performance. The figures in these two columns are not audited.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023
Statement of Financial Position

		2023	*UNAUDITED*	Restated	2022	*UNAUDITED*
	IFRS results	Adj.	Adj. Performance	IFRS results	Adj.	Adj. Performance
	£000s	£000s	£000s	£000s	£000s	£000s
ASSETS						
Non-current assets						
Property and equipment and right-of-use assets	1,759	-	1,759	934	-	934
Deferred tax asset	7,870	-	7,870	16,428	-	16,428
	9,629	**-**	**9,629**	**17,362**	**-**	**17,362**
Current assets						
Loans and advances to customers	629,317	88,535	717,852	387,297	101,914	489,211
Other assets	24,150	-	24,150	10,023	-	10,023
Cash and cash equivalents	124,067	-	124,067	64,205	-	64,205
	777,534	**88,535**	**866,069**	**461,525**	**101,914**	**563,439**
Total assets	**787,163**	**88,535**	**875,698**	**478,887**	**101,914**	**580,801**
EQUITY AND LIABILITIES						
Current liabilities						
Debt issued and other borrowings	(681)	-	(681)	(1,057)	-	(1,057)
Other liabilities	(32,501)	275	(32,226)	(16,662)	(3,203)	(19,865)
	(33,182)	**275**	**(32,907)**	**(17,719)**	**(3,203)**	**(20,922)**
Non-current liabilities						
Debt issued and other borrowings	(780,203)	-	(780,203)	(484,004)	-	(484,004)
	(780,203)	**-**	**(780,203)**	**(484,004)**	**-**	**(484,004)**
Total liabilities	**(813,385)**	**275**	**(813,110)**	**(501,723)**	**(3,203)**	**(504,926)**
Equity						
Capital and reserves attributable to equity holders of the parent						
Share capital	-	-	-	-	-	-
Preference shares	-	-	-	-	-	-
Share premium	(31,618)	-	(31,618)	(31,618)	-	(31,618)
Retained earnings	57,365	(88,810)	(31,445)	53,907	(98,711)	(44,804)
Foreign exchange reserve	475	-	475	547	-	547

	2023		*UNAUDITED*	Restated	2022	*UNAUDITED*
	IFRS results	Adj.	Adj performance	IFRS results	Adj.	Adj performance
	£000s	£000s	£000s	£000s	£000s	£000s
Total equity	**26,222**	**(88,810)**	**(62,588)**	**22,836**	**(98,711)**	**(75,875)**
Total equity and liabilities	**(787,163)**	**(88,535)**	**(875,698)**	**(478,887)**	**(101,914)**	**(580,801)**

Note: The column entitled "Adj." in the above table details adjustments applied to the IFRS results in reaching the Adjustment Performance. The column entitled "AP" details this Adjusted Performance. The figures in these two columns are not audited.

Key Performance indicators

The Directors manage the Group's operations on a departmental basis and monitor the ongoing performance of the business through a number of measures including:

- total income, net operating income and operating profit as calculated under the Adjusted Performance measure
- net operating income margin and operating margin as calculated under the Adjusted Performance measure
- performance of loans and advances to customers, including levels of impairment and arrears

The below table provides a summary of the key performance indicators regarding total revenue, gross profit, and operating profit:

	* UNAUDITED *	* UNAUDITED *
	2023	2022
	£000s	£000s
Total income (Adjusted Performance measure)	139,334	92,095
Net operating income (Adjusted Performance measure)	65,130	61,813
Operating (loss)/profit (Adjusted Performance measure)	(1,066)	18,188
Net operating income margin (Adjusted Performance measure)	47%	67%
Operating (loss)/profit margin (Adjusted Performance measure)	-2%	28%

Total income increased 51% in the period to £139.3m (2022: £92.1m), net operating income remaining consistent with a 5% increase to £65.1m (2022: £61.8m) and an operating loss of £1.1m being incurred in the year (2022: profit of £18.1m).

Details of the performance of loans and advances to customers in the period, including levels of impairment and arrears, can be found in note 30 of the financial statements.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board and signed on its behalf by:

David Luck

David Luck
Director
Date: 24 October 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their report and the audited consolidated financial statements of the Group and the Company for the year ended 31 March 2023.

Principal activity

The principal activity of the Company and Group continued to be that of providing various financing and business reward solutions to small and medium-sized businesses in the UK and US. The Company and Group will continue with these activities for the foreseeable future. Additional details about principal activities and future developments is contained in the Strategic Report.

Directors

The Directors who served during the year and to the date of signing were:

George Karibian
Juan Farrarons
David Luck
Anthony Faillace
Andrew Roberto

Results and dividends

The results for the financial year are set out on page 18. The Group's loss for the financial year amounted to £3.5m (2022: £32.4m (restated)). The Company's profit for the year amounted to £46.6m (2022: loss of £17.6m (restated)).

The results of the Company and Group in the year were achieved through growth in customer loans, reward strategies and volumes in both the UK and US. The Group and Company ECL coverage ratios decreased by an absolute 8% and 12% respectively in the year reflecting ECL normalisation post pandemic. Challenges still remain within the prevailing business / macroeconomic environment of each market.

Interim dividends were not paid in the year (2022: £0.1m). The Directors did not recommend a final dividend (2022: £nil).

Going concern

During the year, the Group recognised a loss of £3.5m (2022: loss of £32.4m (restated)) and the Company recognised a profit of £46.6m (2022: losses of £17.6m (restated)).

The growth in customer volumes, interest and reward revenues has driven an increase in profitability, together with the normalisation of the ECL coverage ratios on loans and advances to customers.

ECL coverage ratios for the Group and Company were 17% and 13% respectively in the year, both down from 25% in the comparative period. For the Group, there was £52.2m of losses related to the US business, which reflects its stage of growth as the business continues to scale and evolve.

The improvement in the Group ECL coverage ratio reflects management's adjustment to the weighting of forward-looking scenarios towards the upside, which represents a normalisation of global macro-economic factors and post pandemic environment.

Whilst continuing inflation, geopolitical tensions and limited GDP growth represent a clear source of uncertainty in the macroeconomic conditions in which the Group will operate in the future, the Directors believe the Group is well positioned to navigate these difficulties and continue to meet its ongoing obligations and strategic objectives.

The Directors have assessed the forecast levels of net debt, headroom on existing borrowing facilities and compliance with debt covenants. As part of its going concern assessment, the Directors reviewed the Company and Group's access to liquidity and its future balance sheet solvency for at least 12 months from the date of approval of the financial statements. The addition of a £100m Revolving Credit facility on 28 September 2022 has improved the core medium term liquidity position of the Company.

In preparing these forecasts, the Directors have considered the potential macroeconomic impacts of the inflation, interest rate risk, and ongoing risks for the conflict in Ukraine and subsequent sanctions on the performance of the Company and Group.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence over the 12 months following the approval of these financial statements and into the future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

A more detailed review of the going concern assumption can be found in note 5.1.3 to the financial statements.

Political and charitable donations

During the year, the Group did not make any political or charitable donations (2022: £nil).

Financial risk management

A detailed analysis of the Group's financial risk management practices can be found in note 30 to the financial statements.

Third party indemnity provisions

At the time this report was approved and during the year, no qualifying third-party indemnity provision was in place for the benefit of one or more of the Directors or one or more Directors of a subsidiary company (2022: No qualifying third-party indemnity provision was in place).

Streamlined Energy and Carbon Reporting (SECR)

The Company is out of scope of the Streamlined Energy and Carbon Reporting (SECR), as it does not meet the numerical thresholds in relation to turnover and number of employees.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP have confirmed their willingness to continue in the office.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Group annual report and financial statements, in accordance with applicable law.

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 UK-adopted international accounting standards ('UK-adopted IAS' or 'IFRS').

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 Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Future developments

Future developments information can be found within the Strategic Report.

Financial instruments

For further information on financial risk management objectives and policies of the entity, please refer to the accounting policies 4.7 to 4.12 and note 30.

Engagement with employees

An employee engagement survey is held annually to address any important trends and find a path to improving the experience of all of our employees.

A range of activities and events are held throughout the year covering diversity, inclusion, mental health and general wellbeing.

Regular Companywide meetings are held and Companywide emails distributed which provide up to date information pertaining to the business and how our customers, and employees are affected by any changes.

All employees receive a learning budget to redeem annually which can be used for any work-related materials or courses which they see fit to aide their development.

Disabled employees

We ensure equal opportunities for all, including having a commitment as part of our Equal Opportunities Policy to ensure no employee is subject to discrimination. This policy is communicated to all employees and is also integrated within our recruitment process, with a consistent non-discriminatory approach to advertising vacancies, appropriate training for hiring managers and fair treatment for all applicants. Our onboarding process invites new joiners to request any reasonable adjustments that may be necessary in the workplace. We ensure opportunities for training and career progression are available to all employees.

Directors' confirmations

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

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

This report was approved by the board and signed on its behalf by:

David Luck

David Luck
Director
Date: 24 October 2023

Independent auditors' report to the members of New Wave Capital Limited

Report on the audit of the financial statements

Opinion

In our opinion, New Wave Capital Limited's group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the Company's affairs as at 31 March 2023 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group annual report and financial statements (the "Annual Report"), which comprise: the Consolidated statement of financial position and the Company statement of financial position as at 31 March 2023; the Consolidated statement of profit or loss, the Consolidated statement of other comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.
- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors.
- We identified all material financial statement line items and disclosures including those that were considered qualitatively material, and conducted our work over those accordingly.

Key audit matters

- Provision for expected credit losses ('ECL') and ECL charge for the year (group and parent)

Materiality

- Overall group materiality: £2,186,630 (2022: £2,130,800) based on 1% of the total of Interest and similar income and Fee and commission income ('Total revenue').
- Overall company materiality: £1,925,912 (2022: £1,538,609) based on 1% of Total revenue.
- Performance materiality: £1,639,973 (2022: £1,598,100) (group) and £1,444,434.14 (2022: £1,153,957) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As a result of the Company becoming a listed entity under the definition of the Financial Reporting Council during the financial year, key audit matters have been included for the first time this year.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses ('ECL') and ECL charge for the year (group and parent)	
The impairment provision in respect of the loans and advances to customers required under IFRS 9 represents management's probability weighted estimate considering forward-looking information and multiple outcomes of the expected credit losses ('ECL'). This ECL provision involves complex calculations and is based on management's assumptions and judgements including: • The modelling methodology adopted including how to calculate the probability of default, exposure at default and loss given default; • The definition of what constitutes a significant increase in credit risk; and • The incorporation of forward-looking information and economic scenarios or if such information is not modelled, being able to evidence why this is appropriate. We focussed our audit work on the assumptions regarding probability of default and loss given default (including macro assumptions), the determination of a significant increase in credit risk. We note that geopolitical and broader economic conditions create an increased level of uncertainty which heightened the risk of material error in these aspects of the ECL provision. Related disclosures in the financial statements: Note 4: Accounting policies Note 16. Loans and advances to customers Note 30: Risk management	In response to this key audit matter we have: • Assessed the methodology applied for compliance with IFRS 9; • Assessed the reasonableness of methodologies, assumptions and judgements made by management, with particular focus on the determination of what constitutes a significant increase in credit risk, given the current economic environment; • Performed substantive testing on the derivation of the probability of default and loss given default assumptions, based on historical data and delinquency statuses and also current future macroeconomic forecasts; • With the support of our in house IFRS 9 ECL experts, performed an independent recalculation of the ECL figures in the Financial Statements; and • Performed substantive testing over critical IFRS 9 model data inputs. We have no matters to note in relation to the above procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£2,186,630 (2022: £2,130,800).	£1,925,912 (2022: £1,538,609).
How we determined it	1% of the total of Interest and similar income and Fee and commission income ('Total revenue')	1% of Total revenue
Rationale for benchmark applied	In determining the benchmark for materiality we considered that the group's earnings are volatile and near breakeven in the year and considered Total revenues to be the most appropriate benchmark for the circumstances of the group.	In determining the benchmark for materiality we considered that the company's earnings are volatile and near breakeven in the year and considered Total revenues to be the most appropriate benchmark for the circumstances of the company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £2,186,630 and £300,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £1,639,973 (2022: £1,598,100) for the group financial statements and £1,444,434 (2022: £1,153,957) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £218,663 (group audit) (2022: £76,930) and £218,663 (company audit) (2022: £76,930) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the directors' going concern assessment. This sets out why the directors believe that the Company will continue in operational existence for the foreseeable future and why they anticipate that the Company will have adequate funds available to meet its obligation as they fall due;
- Evaluation of the appropriateness of the directors's assessment of the Group's and the Company's ability to continue as a going concern including an evaluation whether the method selected by the directors is appropriate in the context of the financial reporting framework and our understanding of the Group and the Company. This included the evaluation of the assumptions used by the directors and the relevance and reliability of the underlying data used to make the assessment and whether all relevant information is included in the directors' assessment.
- Inquiry of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and considered whether additional events or conditions have been identified not previously disclosed.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities with respect to the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of laws and regulations, principally those determined by the Financial Conduct Authority ('FCA'), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Making inquiries with those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Consider the reasonableness of key judgements and assumptions used by management in developing accounting estimates, including a critical assessment of the presence of management bias, in particular in relation to the ECL provision;
- Reading key correspondence with the Financial Conduct Authority; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Jessica Miller

Jessica Miller (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 October 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	*As restated** 2022 £000
Interest and similar income	7	156,648	99,512
Interest and similar expense	8	(47,533)	(25,201)
Net interest income		**109,115**	**74,311**
Fee and commission income	9	62,015	32,653
Fee and commission expense	9	(31,796)	(14,869)
Net fee and commission income		**30,219**	**17,784**
Total net income		**139,334**	**92,095**
Credit loss (expense) on financial assets	10	(62,744)	(91,921)
Net operating income		**76,590**	**174**
Personnel expenses	11	(33,532)	(15,966)
Depreciation expense	14	(1,193)	(481)
Other operating expenses	12	(31,471)	(27,178)
Exceptional items	4.21	(275)	3,203
Profit/(loss) before tax		**10,119**	**(40,248)**
Income tax (expense)/income	13	(13,587)	7,870
Loss for the year		**(3,468)**	**(32,378)**

The notes on pages 28 to 86 form part of these financial statements.

*For more information on the restatement refer to note 4.23.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual Statement of Profit or Loss. The Company recorded a profit for the year of £46.6m (2022: loss of £17.6m (restated)).

NEW WAVE CAPITAL LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	2022 £000
Loss for the year	(3,468)	(32,378)
Other comprehensive income/(expense) for the year, net of tax:		
Exchange gains/(losses) arising on translation on foreign operations	72	(640)
Total comprehensive income/(expense) for the year, net of tax	(3,396)	(33,018)

The notes no pages 28 to 86 form part of these financial statements. *For more information on the restatement refer to note 4.23.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	31 March 2023 £000	*As restated* *31 March* 2022 £000	*As restated* *1 April* 2021 £000
Assets				
Non-current assets				
Property, equipment and right-of-use assets	14	1,759	934	768
Deferred tax assets	13	7,870	16,428	-
		9,629	17,362	768
Current assets				
Loans and advances to customers	16	629,317	387,297	212,360
Other assets	17	24,150	10,023	3,481
Cash and cash equivalents	18	124,067	64,205	37,164
		777,534	461,525	253,005
Total assets		787,163	478,887	253,773
Liabilities				
Non-current liabilities				
Debt issued and other borrowings	19	780,203	484,004	238,028
		780,203	484,004	238,028
Current liabilities				
Debt issued and other borrowings	19	681	1,057	11,310
Other liabilities	20	32,501	16,662	10,985
		33,182	17,719	22,295
Total liabilities		813,385	501,723	260,323
Net liabilities		(26,222)	(22,836)	(6,550)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	31 March 2023 £000	*As restated 31 March* 2022 £000	*As restated 1 April* 2021 £000
Issued capital and reserves attributable to owners of the parent				
Share capital	22	-	-	-
Share premium reserve	22	31,618	31,618	23,830
Share based payment reserve		252	-	-
Foreign exchange reserve		(475)	(547)	93
Accumulated loss		(57,617)	(53,907)	(30,486)
		(26,222)	(22,836)	(6,563)
Non-controlling interest		-	-	13
TOTAL EQUITY		(26,222)	(22,836)	(6,550)

The financial statements on pages 18 to 27 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

David Luck

David Luck
Director
Date: 24 October 2023

The notes on pages 28 to 86 form part of these financial statements.

NEW WAVE CAPITAL LIMITED
REGISTERED NUMBER: 07959823

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	31 March 2023 £000	*As restated 31 March* 2022 £000	*As restated 1 April* 2021 £000
Assets				
Non-current assets				
Investment in subsidiaries	15	3	3	3
Property, equipment and right-of-use assets	14	1,666	885	768
Deferred tax assets	13	7,870	16,428	-
		9,539	17,316	771
Current assets				
Loans and advances to customers	16	577,826	348,360	212,295
Other assets	17	72,768	26,852	5,364
Cash and cash equivalents	18	52,778	20,110	13,741
		703,372	395,322	231,400
Total assets		712,911	412,638	232,171
Liabilities				
Non-current liabilities				
Debt issued and other borrowings	19	60,000	2,000	1,119
Other liabilities	20	583,744	401,752	216,208
		643,744	403,752	217,327
Current liabilities				
Debt issued and other borrowings	19	681	607	10,710
Other liabilities	20	27,061	13,444	8,483
		27,742	14,051	19,193
Total liabilities		671,486	417,803	236,520
Net assets/(liabilities)		41,425	(5,165)	(4,349)

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	31 March 2023 £000	*As restated* *31 March* 2022 £000	*As restated* *1 April* 2021 £000
Issued capital and reserves attributable to owners of the parent				
Share capital	22	-	-	-
Share premium reserve	22	31,618	31,618	23,830
Share based payment reserve		252	-	-
Accumulated loss		9,555	(36,783)	(28,179)
TOTAL EQUITY		41,425	(5,165)	(4,349)

The Company's profit for the year was £46.6m (2022 - loss £17.6m).

The financial statements on pages 18 to 27 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

David Luck

David Luck
Director
Date: 24 October 2023

The notes on pages 28 to 86 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023	Share premium	Share based payment reserve	Foreign exchange reserve	Accumulated loss	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2021 (as previously stated)	23,830	-	93	(33,348)	(9,425)	13	(9,412)
Restatement adjustment	-	-	-	2,862	2,862	-	2,862
At 1 April 2021 (as restated)	23,830	-	93	(30,486)	(6,563)	13	(6,550)
Comprehensive income for the year							
Loss for the year	-	-	-	(32,378)	(32,378)	-	(32,378)
Other comprehensive income	-	-	(640)	-	(640)	-	(640)
Total comprehensive income for the year	-	-	(640)	(32,378)	(33,018)	-	(33,018)
Tax in equity	-	-	-	9,068	9,068	-	9,068
Transactions with owners in their capacity as owners							
Dividends	-	-	-	(112)	(112)	-	(112)
Conversion of shareholder loans to equity	7,788	-	-	-	7,788	-	7,788
Disposal of NCI	-	-	-	-	-	(13)	(13)
Total transactions with owners in their capacity as owners	7,788	-	-	(112)	7,676	(13)	7,663
At 31 March 2022 (as restated)	31,618	-	(547)	(53,907)	(22,838)	-	(22,838)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)	Share premium	Share based payment reserve	Foreign exchange reserve	Accumulated loss	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022 (as previously stated)	31,618	-	(567)	(76,078)	(45,027)	-	(45,027)
Restatement adjustment	-	-	20	22,171	22,191	-	22,191
At 1 April 2022 (as restated)	31,618	-	(547)	(53,907)	(22,836)	-	(22,836)
Comprehensive income for the year							
Loss for the year	-	-	-	(3,468)	(3,468)	-	(3,468)
Other comprehensive income	-	-	72	-	72	-	72
Total comprehensive income for the year	-	-	72	(3,468)	(3,396)	-	(3,396)
Tax in equity	-	-	-	(242)	(242)	-	(242)
Transactions with owners in their capacity as owners							
Shared based payments	-	252	-	-	252	-	252
Total transactions with owners in their capacity as owners	-	252	-	-	252	-	252
At 31 March 2023	31,618	252	(475)	(57,617)	(26,222)	-	(26,222)

The notes on pages 28 to 86 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share premium	Share based payment reserve	Accumulated losses / retained earnings	Total equity
	£000	£000	£000	£000
At 1 April 2021 (as previously stated)	23,830	-	(31,041)	(7,211)
Restatement adjustment	-	-	2,862	2,862
At 1 April 2021 (as restated)	23,830	-	(28,179)	(4,349)
Comprehensive income for the year				
Loss for the year	-	-	(17,560)	(17,560)
Total comprehensive expense for the year	-	-	(17,560)	(17,560)
Deferred Tax in Equity	-	-	9,068	9,068
Transactions with owners in their capacity as owners				
Dividends paid	-	-	(112)	(112)
Conversion of shareholder loans to equity	7,788	-	-	7,788
At 31 March 2022 (restated)	31,618	-	(36,783)	(5,165)
At 1 April 2022 (as previously stated)	31,618	-	(58,450)	(26,832)
Restatement adjusted	-	-	21,667	21,667
At 1 April 2022 (as restated)	31,618	-	(36,783)	(5,165)
Comprehensive income for the year				
Profit for the year	-	-	46,580	46,580
Total comprehensive income for the year	-	-	46,580	46,580
Deferred Tax in Equity	-	-	(242)	(242)
Transactions with owners in their capacity as owners				
Share Based Payments	-	252	-	252
At 31 March 2023	31,618	252	9,555	41,425

The notes on page 28 to 86 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	*As restated* 2022 £000
Cash flows from operating activities			
Cash used in operations	32	(186,391)	(182,015)
Interest paid		(46,033)	(24,716)
Income taxes paid		(1,836)	(540)
Net cash (outflow) from operating activities		**(234,260)**	**(207,271)**
Cash flows from investing activities			
Payments for property, equipment and right-of-use assets	14	(2,017)	(646)
Net cash used in investing activities		**(2,017)**	**(646)**
Cash flows from financing activities			
Proceeds from borrowings		426,495	438,372
Repayment of borrowings		(130,672)	(202,647)
Dividends paid to Company's shareholders	23	-	(112)
Net cash from financing activities		**295,823**	**235,613**
Net increase in cash and cash equivalents		**59,546**	**27,696**
Cash and cash equivalents at the beginning of the financial year	18	64,205	37,164
Effects of exchange rate changes on cash and cash equivalents		316	(655)
Cash and cash equivalents at the end of the year		**124,067**	**64,205**

The notes on page 28 to 86 form part of these financial statements.

1. Corporate information

The consolidated financial statements of New Wave Capital Limited and its subsidiaries (collectively "the Group") for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 24 October 2023.

New Wave Capital Limited ("the Company" or "the Parent") is a private company limited by shares, registered and domiciled in England and Wales, registration number 07959823. The address of its registered office is No. 1 London Bridge, London, SE1 9BG.

The Group is principally engaged in the provision of credit services to small- and medium-sized businesses. Information on the Group's structure is provided in note 15.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards ("IFRS") and the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value in accordance with the applicable accounting framework.

The consolidated financial statements are presented in Pound Sterling (£) and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

The Group has prepared its consolidated financial statements on the basis that it will continue to operate as a going concern. Refer to note 5.1.3 for further commentary on this assertion.

New and amended standards and interpretations

No new or amended standards have been applied or early adopted for the first time in the financial year by the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023 including controlled structured entities. The Group consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts or circumstances indicate that there are changes to one or more of the three elements of control.

The decision to consolidate entities in which the Group does not hold a majority of voting rights is a significant judgement. Further analysis of this has been provided in note 5.

For non-controlling interests in subsidiaries, the Group elected to recognise the non-controlling interests at the proportionate share of the acquired net identifiable assets. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss.

Given the level of judgement required regarding consolidation of structured entities, these considerations are described further in the significant accounting judgements in note 5.1.1. Disclosures for investment in subsidiaries and controlled structured entities are provided in note 15.

4. Accounting policies

4.1 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. Accounting policies (continued)

4.2 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. Accounting policies (continued)

4.3 Recognition of interest income

4.3.1 The effective interest rate ('EIR') method
Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR.

If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

4.3.2 Interest and similar income/expense
Net interest income comprises interest income and interest expense calculated using the effective interest method.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired (as set out in note 4.11) and is therefore regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures (as outlined in note 4.11) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

4. Accounting policies (continued)

4.4 Fee and commission income

Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contracts. The Group's revenue contracts do not include multiple performance obligations.

The Group's fee and commission income includes the following:

Interchange fees: Interchange fee income is generated from customer credit card usage. Interchange fees are recognised upon settlement of the card transaction payment.

Rewards scheme fees: The Group offers a number of cashback reward schemes, whereby customers accrue rewards points which can then be redeemed at a set value per point. For paid schemes, customers are charged a membership fee to access the scheme for a 12-month period. The membership fee is released against fee and commission income over the period for which the service is provided to the customer.

4.5 Fee and commission expense

Fee and commission expense relates to rewards points provided to customers through cardholder reward schemes. The provision of rewards points to customers is recognised in the fee and commission expense at the time the points are earned by the customer. The amount recognised is the fair value of points earned, calculated as the monetary value of the points multiplied by an expected rate of redemption. This redemption rate is based on the historical redemption rates of rewards points earned and is reviewed annually.

The fair value of reward points earned but not yet redeemed at the reporting date is included under 'Other liabilities' on the Statement of Financial Position.

4.6 Net gain/loss on derecognition of financial assets measured at amortised cost

Net gain or loss on derecognition of financial assets measured at amortised cost includes gains or losses recognised on sale or derecognition of financial assets measured at amortised cost calculated as the difference between the book value (including impairment) and the proceeds received.

4.7 Financial instruments – initial recognition

4.7.1 Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commission. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

4.7.2 Measurement categories of financial assets and liabilities
The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

4. Accounting policies (continued)

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

All financial assets held by the Group are classified and measured at amortised cost.

A financial liability is initially measured at fair value and subsequently at amortised cost unless it is either held for trading or designated as FVPL. The classification of a financial liability is irrevocable.

All financial liabilities held by the Group are classified and measured at amortised cost.

4.8 Financial assets and liabilities

4.8.1 Loans and advances to customers
The Group measures loans and advances to customers at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

4.8.1.1 Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed and the way cash is collected
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Loans and advances held by the Group relate to amounts due from customers on revolving credit facilities. The Group's business model is to hold these financial assets in order to collect contractual cash flows, which are set out in the agreements entered into by customers at the inception of the account. Loans and advances to customers who default are sold to third party debt purchasers periodically via forward flow agreements.

4.8.1.2 The SPPI test
As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

To make this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risk and a profit margin that is consistent with a basic lending arrangement.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FPVL.

4. Accounting policies (continued)

4.8.2 Debt issued and other borrowings
After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the Effective Interest Rate (EIR). A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

The Group has issued financial instruments with equity conversion rights. When establishing the accounting treatment for these instruments, the Group first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with IAS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument the amount separately determined for the liability component.

4.9 Derecognition of financial assets and liabilities

4.9.1 Financial assets
A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), when all of the following conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- Cash flows collected by the Group on behalf of the eventual recipients are remitted without material delay.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

4.9.1.1 Securitisation transactions
The parent has entered into certain arrangements with its subsidiaries whereby its subsidiaries purchase receivables from the parent as part of funding arrangements with lenders. As the parent has retained substantially all the risks and rewards of the underlying assets, such financial instruments continue to be recognised on the Company's Statement of Financial Position within Loans and advances to customers, and a liability recognised for the proceeds of the funding transactions within Debt issued and other borrowings in the Company's Statement of Financial Position.

4. Accounting policies (continued)

4.9.2 Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.11 Impairment of financial assets

4.11.1 Overview of the ECL principles
The Group records an allowance for expected credit loss for all loans and other financial assets not held at FVPL. Equity instruments are not subject to impairment under IFRS9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case the allowance is based on 12 months' expected credit losses (12ECL). The Group's policies for determining if there has been a SICR are set out in note 30.

The 12ECL is the portion of LECL that represents the ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group calculates both 12ECL and LECL by applying the impairment model for all financial instruments, having individually assessed PDs and SICR at an individual account level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, loans are grouped into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Group recognises an allowance based on 12ECL. Stage 1 also includes loans where the credit risk has improved such that the SICR criteria is no longer met and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for LECL. Stage 2 also includes loans where the credit risk has improved such that the Stage 3 credit-impaired criteria are no longer met, but the loan's credit risk has still significantly increased from origination, and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired, defined as accounts over 90 days in arrears or which have been identified as insolvent or fraudulent. The Group records an allowance for LECL.

4. Accounting policies (continued)

4.11.2 The calculation of ECL

The Group calculates ECL based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at the EIR. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows the Group expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- Probability of Default (PD): An estimate of the likelihood of default over a given time horizon.
- Exposure at Default (EAD): An estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdowns on facilities and accrued interest from missed payments.
- Loss Given Default (LGD): An estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group expects to receive. It is usually expressed as a percentage of the EAD.

When estimating the ECL, the Group considers four scenarios (a base case, an upside, a mild downside (downside 1) and a more extreme downside (downside 2)).

The Group's loans and advances to customers relate to lending to customers via a revolving facility which can be utilised either through cash advances or card spend. The Group has the right to cancel and/or reduce customer facilities with one days' notice. When calculating EAD, the Group takes into account expected future drawdowns against revolving facilities made by customers.

In addition to the revolving credit facilities discussed above, the Group also has £6.3m (2022: £10.2m) and £0.1m (2022: £0.4m) of Loans and Advances to Customers advanced through the British Business Bank's (BBB) Bounce Back Loan Scheme (BBLS) and Coronavirus Business Interruption Loan Scheme (CBILS) respectively. Under these schemes, the Group issued term loans to customers with principal repayments and interest repayments guaranteed by the BBB for 5 years and interest repayments for 1 year. The guarantee provided against principal repayments by the BBB guarantees 100% and 80% of the finance to the lender for the BBLS and CBILS schemes respectively. When calculating EAD, no future drawdowns are considered by the Group given the nature of the lending.

Based on past experience and the Group's expectations, the period over which the Group calculates lifetime ECL for this lending is 3 years across all portfolios with the exception of BBLS lending, for which lifetime is taken to be the contractual term of the loan.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12ECL is calculated as the portion of LECL that represents the LECL from default events that are possible within 12 months of the reporting date. The expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the EIR. This calculation is made for each of the four scenarios.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LECL. The mechanics are similar to Stage 1, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.
- Stage 3: For loans considered credit-impaired, the Group recognises LECL. The method is similar to that for Stage 2 assets, with the PD set at 100%.

4. Accounting policies (continued)

4.11.3 Forward looking information
In its ECL models, the Group relies on a broad range of forward-looking information as key economic inputs:

- GDP growth
- Unemployment rates
- CPI Inflation

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. These adjustments are applied either as amendments to the model inputs themselves or as an adjustment to the weighting between the four scenarios applied by the ECL model. Ordinarily, a base weighting between scenarios is applied as follows:

Scenario	Base weighting
Upside	30%
Base	50%
Downside	10%
Extreme downside	10%

Detailed information about these inputs and sensitivity analysis, along with details of any adjustments to the base weightings above, are provided in note 30.

4.12 Write offs

Financial assets are written off either partially or in their entirety at the earlier of the date when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof, or where a period of six years has passed since the date of default (as defined in note 30). If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

4.13 Taxes

4.13.1 Current tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss.

4.13.2 Deferred tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available which the deferred tax assets can be utilised.

4. Accounting policies (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

4.14 Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Group.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

4.15 Property, equipment and right-of-use assets

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Right-of-use assets are presented together with property and equipment in the Statement of Financial Position – refer to the accounting policy in note 4.16. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Depreciation of owned assets is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Leasehold property improvements 3 years
- Computer hardware 3 years
- Other fixtures and fittings 3 years

The depreciation expense is recognised in the Statement of Profit or Loss in "Depreciation and amortisation expense" line item.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Assets are assessed for signs of impairment on an annual basis, or more frequently when there are indications that impairment may have occurred.

4. Accounting policies (continued)

4.16 Leases

The Group assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease arrangements entered into by the Group relate to the leasing of office space, where the Group is the lessee.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4.16.1 Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

All right-of-use assets held by the Group in the year, and all comparative years presented, relate to buildings leases where the Group is the lessee.

The right-of-use assets are presented within note 14 and are subject to impairment in line with the Group's policy as described in note 4.15.

4.16.2 Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

4.17 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit or Loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4. Accounting policies (continued)

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss.

The amortisation expense on intangible assets is recognised in the Statement of Profit or Loss in "Depreciation and amortisation expense" line item.

4.17.1 Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.20 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

4. Accounting policies (continued)

4.21 Exceptional items

Where a transaction outside of the usual course of business is considered to be material to understanding the performance of the Group, a separate disclosure will be provided on the face of the Statement of Profit or Loss for these amounts, with additional disclosure provided in the Notes to the Financial Statements. Current year exceptional costs relate to lease enhancement payments, prior year this related to corporate restructuring costs.

4.22 Share Based Payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the equity instruments expected to vest at each balance sheet date, so that, ultimately , the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

4.23 Prior year restatement

Please refer to note 29 for information on prior year restatements.

5. Accounting estimates and judgements

5.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

5.1.1 Consolidation of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Group consolidates the structured entities that it controls, as explained in note 3. When making this judgement, the Group also considers voting and similar rights available to itself and other parties, who may limit the Group's ability to control, including rights to appoint, reassign or remove members of the structured entity's key management personnel who have the ability to direct relevant activities. The Group's structured entities are consolidated securitisation vehicles. See note 15 for further details.

5.1.2 Measurement of the expected credit loss allowance – significant increase in credit risk

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the assessment of a significant increase in credit risk when determining the staging of assets between stages 1 and 2 of the impairment model. Changes to the judgement surrounding when an asset is deemed to have incurred a significant increase in credit risk can result in changes to the level of impairment allowance recognised. The Group's criteria for assessing if there has been a significant increase in credit risk can be found in note 30.2.

5.1.3 Going concern

During the year, the Group recognised a loss of £3.5m (2022: £32.4m restated) and the Company recorded a profit for the year of £46.6m (2022: loss of £17.6m (restated), caused by IFRS conversion).

The growth in customer volumes, interest and reward revenues has driven an increase in profitability, together with the normalisation of ECL coverage ratios on loans and advances to customers.

ECL average ratios for the Group and Company were 17% and 13% respectively in the year, both down from 25% in the comparative period. For the Group, there were £52.0m of losses related to the US business, which reflects its stage of growth as the business continues to scale and evolve. Increase in portfolio size in the year has also impacted profitability in the period as 12-month ECLs have been recognised on these new originations under IFRS 9 prior to a full years revenue having been generated against these assets.

The Group ECL coverage ratios reflect management's adjustments to the weighting of these forward-looking scenarios towards the upside This adjustment to the forward-looking scenario weightings represents a normalisation of global macro-economic factors and post pandemic environment.

Whilst the continuing inflation, geopolitical tensions and limited GDP growth represent a clear source of uncertainty in the macroeconomic conditions in which the Group will operate in the future, the directors believe the Group is well positioned to navigate these difficulties and continue to meet its ongoing obligations and strategic objectives.

5. Accounting estimates and judgements (continued)

5.1 Judgements (continued)

5.1.3 Going concern (continued)
Whilst the Group remains in a net liability position, resulting from IFRS 9 transition, the directors have assessed the forecast levels of net debt, headroom on existing borrowing facilities and compliance with debt covenants. As part of its going concern assessment, the directors reviewed the Company and Group's access to liquidity and its future balance sheet solvency for the 12 months from the date of approval of the financial statements. The addition of an £100m Revolving Credit facility on 28 September 2022, which expires in September 2026, has improved the core medium term liquidity position of the Company.

In preparing these forecasts, the Directors have considered the potential macroeconomic impacts of inflation, interest rate risk, and ongoing risks for the conflict in Ukraine and subsequent sanctions on the performance of the Company and Group. At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence over the 12 months following the approval of these financial statements and into the future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

As part of this assessment the Group produced two forecast scenarios: a base case scenario was prepared in which levels of bad debt remained at observed levels; and a downside scenario was prepared in which levels of defaults on loans and advances to customers were increased for the duration of the forecasting period to simulate the impact of a recession on the Group's performance. In both forecasts, forward curves for SONIA and SOFR interest rates were applied to reflect the likelihood of increases to the base rates set by central banks to combat sustained high levels of inflation both in the UK and overseas.

In both forecasts, the Company and Group retained sufficient levels of non-restricted cash to continue its operations. When assessing continued access to liquidity, the directors considered the maturity profile of financial liabilities held by the Company and Group. Of the Company and Group's debt facilities, none have contractual maturities in the 12 months following the approval of these financial statements. A full listing of maturities can be seen in note 30.4 of the financial statements.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence over the 12 months following the approval of these financial statements and into the future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Measurement of the expected credit loss allowance

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires estimates driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered critical accounting estimates include:

- Selection of forward-looking macroeconomic scenarios and their probability weightings, see note 30.2.
- Post-model adjustments applied by management, see note 30.2.

5. Accounting estimates and judgements (continued)

5.2 Estimates and assumptions (continued)

- Detailed analysis of the Group's ECL calculations, including sensitivity analyses on these key inputs, can be found in note 30.2.

Measurement of the expected future redemption rate of rewards points earned by customers

The Group estimates the outstanding value of points awarded under rewards schemes. The value of outstanding points is calculated by multiplying the estimated redemption rate and the monetary value assigned to the rewards points earned. In estimating the redemption rate, the Group considers breakage which represents the portion of points issued that will never be redeemed. The redemption rate is assessed annually and the liability for unredeemed points is adjusted accordingly.

As points issued under the rewards schemes do not expire, estimates of the value are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 March 2023, the estimated liability for unredeemed points was £14.6m (2022: £6.9m). If the estimated redemption rate used had been higher by 1% than management's estimate, the carrying amount of the estimated liability for unredeemed points as at 31 March 2023 would have been higher by £0.6m (2022: £0.1m).

6. Geographical information

The Group operates in the UK, and the US. The following tables show the distribution of the Group's net operating income for the years ended 31 March 2023 and 31 March 2022:

	2023	2022
	£000	£000
United Kingdom	112,578	7,152
United States	(35,988)	(6,978)
Total net operating income	76,590	174

7. Interest and similar income

	2023	Restated 2022
	£000	£000
Interest Revenue	156,442	99,511
Other Revenue	206	1
Total interest and similar income	156,648	99,512

8. Interest and similar expense

	2023 £000	2022 £000
Shareholder Loan Interest	-	(702)
Funding Facility Interest	(45,049)	(23,876)
Corporate RCF	(1,560)	-
Lease Liability Interest	(924)	(623)
Total interest and similar expense	(47,533)	(25,201)

9. Net fee and commission income

	2023 £000	2022 £000
Fees and commission income		
Interchange Revenue	60,347	31,291
Annual Fee Revenue	1,621	1,362
Other Fee Revenue	47	-
Fees and commission expense		
Loyalty Points Expense	(31,796)	(14,869)
Net fees and commission income	30,219	17,784

10. Credit loss expense on financial assets

Credit loss expense relates to the ECL charges on financial instruments for the year recorded in the Statement of Profit or Loss. Derecognitions and write-offs have been treated as movements in the ECL allowance – refer to note 30 for a reconciliation of movements in ECL by stage.

11. Personnel expenses

Group

	2023 £000	2022 £000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	(28,917)	(13,288)
Social security	(2,856)	(1,372)
Other staff costs	(841)	(965)
Pensions	(918)	(341)
	(33,532)	(15,966)

Directors' emoluments were as follows:

	2023 £000	2022 £000
Salary	416	360

No Director exercised share options during the year (2022: nil). The highest paid Director was paid £0.4m during the year (2022: £0.3m). No contributions were made by any Director to money purchase schemes in the year (2022: nil), nor to any defined benefit or defined contribution pension schemes (2022: nil). Key management is considered to be the Directors of the Company.

The number of Directors for whom retirement benefits are accruing under defined benefit schemes amounted to nil (2022: nil).

The monthly average number of persons, including the Directors, employed by the Group during the year was as follows:

	2023 No.	2022 No.
Monthly average employees:	485	224

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Personnel expenses (continued)

Company

	2023 £000	2022 £000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	(21,206)	(10,879)
Social security	(2,759)	(1,372)
Short-term non-monetary benefits	(450)	(692)
Defined contribution pension cost	(904)	(341)
	(25,319)	(13,284)

The monthly average number of persons, including the Directors, employed by the Company during the year was as follows:

	2023 No.	2022 No.
Monthly average employees:	429	204

12. Other operating expenses

	2023 £000	2022 £000
Marketing	(10,037)	(6,837)
Other operating expenses	(17,952)	(16,633)
Rent and rates	(1,267)	(322)
Legal and professional fees	(2,894)	(3,368)
Exchange Rate Variance	679	(18)
Total other operating expenses	(31,471)	(27,178)

Rent and rates includes expenses relating to short-term leases of £1.0m (2022: £0.3m).

Legal and professional fees include fees payable to the auditors of £0.44m (2022: £0.7m) as analysed below:

	2023 £000	2022 £000
Statutory audit of New Wave Capital Limited	379	445
Statutory audit of subsidiaries	61	52
Non-audit services	35	153
Total amount payable to the Company's auditors	475	650

13. Tax expense

13.1 Income tax recognised in profit or loss

	2023 £000	Restated 2022 £000
Current tax		
Current tax on profits for the year	6,038	(510)
Total current tax	6,038	(510)
Deferred tax expense		
Origination and reversal of timing differences	5,769	(7,360)
Adjustments in respect of prior years	1,780	-
Total deferred tax	7,549	(7,360)
	13,587	(7,870)

The reasons for the difference between the actual tax charge/(credit) for the year and the standard rate of corporation tax in the United Kingdom applied to profit/(losses) for the year are as follows:

	2023 £000	Restated 2022 £000
Loss for the year	(3,468)	(32,378)
Income tax credit/(expense)	13,587	(7,870)
Profit/(loss) before income taxes	10,119	(40,248)
Tax using the Company's domestic tax rate of 19% (2022:19%)	1,923	(7,647)
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	47	391
Adjustments to tax charge in respect of prior periods	1,780	(510)
Fixed asset differences	39	-
Impact of difference in current and deferred tax rates	-	(1,767)
Deferred tax assets not recognised on balance sheet	9,798	1,663
Total tax expense/(income)	13,587	(7,870)

Changes in tax rates and factors affecting the future tax charges

There were no factors that may affect future tax charges.

The effective income tax rate for 2023 is 134.3% (2022: 19.6%).

13. Tax expense (continued)

13.1 Income tax recognised in profit or loss (continued)

In considering the recoverability of Group deferred tax assets against future taxable profits, the Group has assessed the likelihood of the deductible temporary differences being recovered within a foreseeable timeframe, in this case to 2031, which aligns to the strategic plan of the shareholders. The future taxable profits take into account the Group's shareholder approved budgets, the Group's historical financial performance, the Group's long-term financial and strategic plans and anticipated future adjusting items.

The estimated future taxable profits take account of the assumptions constraining the expected level of profit as appropriate. Changes in these assumptions will affect future profits and therefore the recoverability of the deferred tax assets however, due to significant excess capacity in forecast taxable profits, this is not expected to be material.

The amount of gross temporary differences and unused tax losses for which no deferred tax asset is recognised in the balance sheet was £60.2m (2022: £7.9m). This amount includes unused overseas tax losses of £60.2m (2022: £7.9m). No deferred tax was recognised on any of the unused overseas tax losses due to the absence of forecasted profits in the near future against which to recover them.

13.2 Income tax recognised directly in equity

	2023 £000	2022 £000
Current tax		
Due to IFRS transitional adjustments	(767)	-
	(767)	-
Deferred tax		
Due to IFRS transitional adjustments	1,009	(9,068)
	242	(9,068)

13.3 Deferred tax asset

	2023 £000	2022 £000
Opening deferred tax asset (as restated)	16,428	-
Adjustment in respect of prior periods	(1,780)	-
Origination and reversal of timing difference	(5,769)	7,360
Deferred tax charge/(credit) for the year	(1,009)	9,068
Closing deferred tax asset	7,870	16,428

14. Property and equipment and right-of-use assets

Group

	Leasehold property improvements £000	Fixtures and fittings £000	Computer equipment £000	Right-of-use assets £000	Total £000
Cost or valuation					
At 1 April 2021	374	81	486	392	1,333
Additions	-	33	336	277	646
Disposals	(63)	(63)	(182)	-	(308)
At 31 March 2022	311	51	640	669	1,671
Additions	318	699	610	390	2,017
At 31 March 2023	629	750	1,250	1,059	3,688

	Leasehold property improvements £000	Fixtures and fittings £000	Computer equipment £000	Right-of-use assets £000	Total £000
Accumulated depreciation					
At 1 April 2021	89	78	346	52	565
Charge for the year	112	12	152	204	480
Disposals	(63)	(63)	(182)	-	(308)
At 31 March 2022	138	27	316	256	737
Charge for the year	205	245	345	397	1,192
At 31 March 2023	343	272	661	653	1,929
Net book value					
At 1 April 2021	285	3	140	340	768
At 31 March 2022	173	24	324	413	934
At 31 March 2023	286	478	589	406	1,759

No impairments were recognised in the year (2022: No impairments recognised). Right-of-use assets included within this note relate to lease agreements on buildings in the UK and US. For further information, see notes 4.15 and 4.16.

14. Property and equipment and right-of-use assets (continued)

Company

	Leasehold property improvements £000	Fixtures and fittings £000	Computer equipment £000	Right-of-use assets £000	Total £000
Cost or valuation					
At 1 April 2021	374	81	486	392	1,333
Additions	-	33	287	277	597
Disposals	(63)	(63)	(182)	-	(308)
At 31 March 2022	311	51	591	669	1,622
Additions	318	699	566	390	1,973
At 31 March 2023	629	750	1,157	1,059	3,595

	Leasehold property improvements £000	Fixtures and fittings £000	Computer equipment £000	Right-of-use assets £000	Total £000
Accumulated depreciation					
At 1 April 2021	89	78	346	52	565
Charge for the year	112	12	152	204	480
Disposals	(63)	(63)	(182)	-	(308)
At 31 March 2022	138	27	316	256	737
Charge for the year	205	245	345	397	1,192
At 31 March 2023	343	272	661	653	1,929
Net book value					
At 1 April 2021	285	3	140	340	768
At 31 March 2022	173	24	275	413	885
At 31 March 2023	286	478	496	406	1,666

No impairments were recognised in the year (2022: No impairments recognised). Right-of-use assets included within this note relate to lease agreements on buildings in the UK and US. For further information, see notes 4.15 and 4.16.

15. Investments in subsidiaries

15.1 Consolidated subsidiaries

The consolidated financial statements include the financial statements of New Wave Capital Limited and its subsidiaries. The Group does not have any joint ventures or associates. The subsidiaries of New Wave Capital Limited are:

Name of subsidiary	Country of incorporation	% equity interest 2023	% equity interest 2022
Westbourne 2016 – 1 WR Limited *	UK	-	-
Westbourne 2016 – 3 Limited	UK	100	100
Westbourne 6 plc *	UK	-	-
Westbourne 7 Limited *	UK	-	-
Westbourne 8 Limited *	UK	-	-
Westbourne CM Limited	UK	100	100
NWC USA Group Limited	UK	100	100
NWCH GP Limited	UK	100	100
Capital On Tap Iberia sl	Spain	100	100
New Wave Card Inc	USA	-	-
New Wave Card LP	USA	100	100
Shoreditch 1 LP	USA	100	100
Shoreditch 2 LP	USA	100	100
NWCO GP LLC	USA	100	100
NWC USA Operations LP	USA	100	100
NWCS GP 1 LLC	USA	100	100
NWCS GP 2 LLC	USA	100	100

* The Group consolidates these entities based on de facto control in line with IFRS10, see note 3

15.2 Nature, purpose and extent of the Group's exposure to structured entities

In the course of its business, the Group's activities include transactions with various structured entities which have been designed to achieve a specific business objective. A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities
- A narrow and well-defined objective, such as to provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches)

The primary use of structured entities is to provide access to liquidity through asset securitisations. Structured entities' legal forms may vary, but, generally, include limited liability corporations, trusts, funds and partnerships. Structured entities generally finance the purchase of assets through securitisation and, therefore, raise finance from external investors by enabling them to invest in parcels of specified financial assets.

15. Investments in subsidiaries (continued)

Details of the amounts due to each structured entity at the reporting date is provided in notes 20 and 26.

15.3 Consolidated structured entities

The Group has a number of consolidated structured entities:

- Westbourne 2016 – 1 WR Limited
- Westbourne 2016 – 3 Limited
- Westbourne 6 plc
- Westbourne 7 Limited
- Westbourne 8 Limited
- Shoreditch 1 LP
- Shoreditch 2 LP

Further details on these entities is provided in note 15.1 above.

15.4 Audit exemptions taken

The audit exemption for dormant companies has been taken for Westbourne CM Limited, as detailed in section 480 of the Companies Act 2006.

16. Loans and advances to customers

Group:

	2023	Restated 2022
	£000	£000
Gross carrying amount	757,643	513,517
Provision for expected credit losses	(128,326)	(126,220)
Total loans and advances to customers	629,317	387,297

A further breakdown of the provision for expected credit loss can be found in note 30.

Company:

	2023	Restated 2022
	£000	£000
Gross carrying amount	662,867	463,618
Provision for expected credit losses	(85,041)	(115,258)
Total loans and advances to customers	577,826	348,360

A further breakdown of the provision for expected credit loss can be found in note 30.

17. Other assets

Group:

	2023 £000	Restated 2022 £000
Current		
Other debtors	17,739	4,960
Prepayments	1,871	1,437
Collateral balances	4,540	3,626
Total other assets	24,150	10,023

Company:

	2023 £000	Restated 2022 £000
Current		
Other debtors	5,656	4,960
Prepayments	1,710	891
Collateral balances	2,129	1,984
Intercompany receivable	63,273	19,017
Total other assets	72,768	26,852

Collateral balances relate to amounts held by third parties relating to card scheme memberships.

In the year ending 31 March 2023, receivables of £1.9m (2022: £4.7m) were outstanding from the British Business Bank for claims in relation to the Bounce back Loan Scheme. This receivable is included within Other debtors.

A £1.0m impairment provision was recognised on intercompany receivables by the Company at the reporting date (2022: No impairment).

18. Cash and cash equivalents

Certain cash balances held by the Group and Parent are restricted in use, either for regulatory or contractual reasons. The table below provides a summary of the Group's cash balances held.

	2023	2022
	£000	£000
Bank balances	50,825	20,406
Restricted funding facility cash	69,865	42,549
Customer safeguarding cash	3,377	1,250
Total cash and cash equivalents	124,067	64,205

The table below provides a summary of the Parent's cash balances held.

	2023	2022
	£000	£000
Bank balances	49,401	18,860
Customer safeguarding cash	3,377	1,250
Total cash and cash equivalents	52,778	20,110

Cash held as restricted for use as per securitisation funding agreements relate to collections of loans and receivables to be used by the Group's securitisation vehicles to fund future expenses and obligations, including the purchase of receivables from the parent, interest on notes payable, credit losses and upcoming debt maturities.

19. Debt issued and other borrowings

Group:

	2023 £000	Restated 2022 £000
Due after more than one year		
Notes payable	(780,203)	(484,004)
Due within one year		
Notes payable	-	(450)
Lease liability	(681)	(607)
Total debt issued and other borrowings	(780,884)	(485,061)

Company:

	2023 £000	2022 £000
Due after more than one year		
Notes payable	(60,000)	(2,000)
Due within one year		
Lease liability	(681)	(607)
Total debt issued and other borrowings	(60,681)	(2,607)

Notes payable under securitisation arrangements relate to the outstanding amounts drawn by the Group's funding vehicles for the purchase of receivables from the parent. Total outstanding for each facility is included below.

	Maturity date	2023 £000	2022 £000
Westbourne 2016 – 1 WR Limited	Dec-23	-	108,754
Westbourne 2016 – 3 Limited	Aug-27	20,380	40,505
Westbourne 7 Limited	Oct-26	451,250	289,750
Westbourne 8 Limited	Aug-27	175,750	-
Shoreditch 1 LP	Jun-25	56,181	43,363
Shoreditch 2 LP	Mar-26	23,088	3,614

The Westbourne 2016 – 3 Limited and Shoreditch 1 LP facility agreements are secured by financial guarantees provided by the Company. Details of these guarantees can be found in note 26.

20. Other liabilities

Group:

	2023	Restated 2022
	£000	£000
Due within one year		
Trade Creditors	(2,553)	(1,350)
Accruals and deferred revenue	(5,556)	(3,628)
Provisions	(3,760)	(2,500)
Loyalty points outstanding	(14,564)	(6,938)
Taxation and social security	(6,068)	(2,246)
Total other liabilities	(32,501)	(16,662)

Company:

	2023	Restated 2022
	£000	£000
Due after more than one year		
Intercompany payable	(583,744)	(401,752)
Due within one year		
Trade Creditors	(1,991)	(591)
Accruals and deferred revenue	(2,198)	(1,729)
Provisions	(3,760)	(2,500)
Loyalty points outstanding	(13,141)	(6,383)
Taxation and social security	(5,971)	(2,241)
Total other liabilities	(610,805)	(415,196)

A £3.8m provision has been included in the accounts (2022: £2.5m) for expected charges related to the underpayment of VAT on the provision of services to the Group from overseas suppliers.

21 Reconciliation of customer rewards points

Group:

	2023	2022
	£000	£000
At 1 April 2022	6,938	3,172
Accrued during the year	36,179	15,657
Redeemed during the year	(31,795)	(11,454)
Change in provisioning rate	3,242	(437)
At 31 March 2023	14,564	6,938

Company:

	2023	2022
	£000	£000
At 1 April 2022	6,383	3,172
Accrued during the year	32,300	14,434
Redeemed during the year	(28,478)	(10,786)
Change in provisioning rate	2,936	(437)
At 31 March 2023	13,141	6,383

These amounts relate to the accrual and release of customer rewards points. As at 31 March 2023, the total value of unredeemed points amounted to £18.4m (2022: £9.5m)

22 Issued capital and reserves

	2023	2022
	£	£
Ordinary share capital	99	100
Preference shares	78	78
Share premium	31,617,891	31,617,891
Total issued capital and reserves	31,618,068	31,618,069

22.1 Movement in ordinary shares

Ordinary shares

Issued and fully paid	Number	£
At 1 April 2021	7,744,128	77
Sub-division of shares from 0.001p per share to 0.0001p per share	69,697,152	-
Cancellation of shares at 0.0001p per share	(14,901,438)	(15)
Reclassification of A Preferred shares at 0.0001p per share	19,121,195	19
Reclassification of B Preferred shares at 0.0001p per share	8,341,614	8
Reclassification of C Preferred shares at 0.0001p per share	34,602,246	35
Reclassification to Series B shares at 0.0001p per share	(30,976,512)	(31)
Consolidation of shares from 0.0001p per share to 0.0005p per share	(74,902,708)	-
Cancellation of shares at 0.0005p per share	(6,006)	-
Issued in year at 0.0005p per share	1,238,956	6
At 31 March 2022	19,958,627	100
Cancellation of shares at 0.0005p per share	(109,779)	(1)
At 31 March 2023	19,848,848	99

22.2 Movement in preferred shares

Preferred shares	A Preferred / Series A Preferred		B Preferred / Series B Preferred		C Preferred	
Issued and fully paid	Number	£	Number	£	Number	£
At 1 April 2021	3,824,239	38	1,390,269	14	4,111,889	41
Issued in year at 0.001p per share	-	-	-	-	1,655,152	17
Sub-division of shares from 0.001p per share to 0.0001p per share	34,418,151	-	12,512,421	-	51,903,369	-
Reclassification of shares at 0.0001p per share	(15,296,956)	(15)	38,365,120	38	(23,068,164)	(23)
Reclassification of shares to ordinary share capital at 0.0001p per share	(19,121,195)	(19)	(8,341,614)	(8)	(34,602,246)	(35)
Reclassification of shares from ordinary share capital at 0.0001p per share	-	-	30,976,512	31	-	-
Consolidation of shares from 0.0001p per share to 0.0004p per share	-	-	(56,177,031)	-	-	-
Cancellation of shares at 0.0004p per share	-	-	(42,571)	-	-	-
At 31 March 2022	3,824,239	4	18,683,106	75	-	-
At 31 March 2023	3,824,239	4	18,683,106	75	-	-

22.3 Notes on movements in issued capital and reserves in the year

During the year, 109,779 Ordinary Share Capital were cancelled at a nominal price of 0.0005p per share.

23. Distributions made and proposed

	2023 £000	2022 £000
Special cash dividends on ordinary shares declared and paid	-	112
Total distributions made and proposed	-	112

24. Contingent liabilities, commitments and leasing arrangements

24.1 Financial guarantees, letters of credit and other undrawn commitments

The Company has provided a £10m (2022: £10m) financial guarantee to its subsidiary Westbourne 2016 – 3 Limited, payable should the entity be unable to cover its liabilities in the future. In addition, a $6m (2022: $6m) financial guarantee has been provided the counterparties of Shoreditch 1 LP's facility agreement, should the entity be unable to cover its liabilities in the future.

24.2 Group as a lessee

The Group has entered into commercial leases for premises. The leases have an average life of between three and five years.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years	More than five years	Total
	£000	£000	£000
31 March 2021	2,320	-	**2,320**
31 March 2022	1,422	-	**1,422**
31 March 2023	1,374	-	**1,374**

25. Retirement benefit schemes

The Group operates a defined contribution pension scheme for all employees in the United Kingdom. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions payable by the Group charged to profit or loss amounted to £0.9m (2022: £0.3m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

26. Related party disclosures

Note 15 provides information about the Group's structure, including details of the subsidiaries and the holding company.

As at the reporting date, shareholder loans owed by the Company totalled £nil (2022: £nil, 1 April 2021: £10.3m). A full breakdown of shareholder loans is included below.

	Group	Company
	£000	£000
At 1 April 2021	10,289	10,289
Borrowing during the year	-	-
Conversion of shareholder loans to equity	(10,289)	(10,289)
Balance at 31 March 2022	-	-
Balance at 31 March 2023	-	-

The outstanding balance owed by the Company to related entities at the reporting date is set out below:

	2023	2022
	£000	£000
Amounts owed to Westbourne 2016 – 1 WR Limited	4	102,397
Amounts owed to Westbourne 3 Ltd	17,025	34,875
Amounts owed to Westbourne 7 Limited	419,528	267,294
Amounts owed to Westbourne 8 Limited	152,399	-
Amounts owed from New Wave Card LP	(63,248)	(17,691)
Amounts owed to Shoreditch 1 LP *amounts owed by New Wave Card LP	43,851	40,939
Amounts owed to/(from) Shoreditch 2 LP *amounts owed by New Wave Card LP	22,831	(171)

All amounts due to related entities at the reporting date per the table above were due after more than one year (2022: After more than one year, 1 April 2021: After more than one year).

During the financial year, the Company paid £nil (2022: £1,500) for fees due by and on behalf of Capital On Tap Limited, a dormant entity which is not a subsidiary of the Company and instead a related party owned by three of the Company's Directors.

27. Share based payments

27.1. Employee share option plan of the Company

Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

		2023
	Number of options	Weighted average exercise price £
Balance at the beginning of the year	-	-
Granted during the year	306,987	11.58
Forfeited during the year	(4,039)	11.95
Outstanding at the end of year	302,948	11.57

	2023
Weighted average share price	6.16
Exercise price	11.58
Weighted average contractual life	39.27
Expected volatility	45%
Expected dividend growth rate	0
Risk free rate	3.43%

As the Company's shares are not traded, the expected volatility has been estimated with reference to comparable companies. As at 31st March 2023 no options we exercisable.

The Group recognised total expenses in the year of £252,032 (2022 - £nil) in respect of the equity-settled share-based payment transactions.

28. Events after the reporting date

On 20 June 2023 the Group closed a London Stock exchange by listing £250m securitisation facility London Cards No.1 Ltd. It is the first European securitisation in its asset class. The deal includes a Loan Note and five Placed tranches of Notes which were listed on the London Stock Exchange.

29. Restatement

These financial statements have been restated to address errors identified in the year in respect of prior periods which the Directors consider material to the financial statements:

Interest and similar income: The contractual terms of the credit cards specify that customers ('transactors') will incur 0% interest if amounts spent on the card are paid off in full on a monthly basis. However, customers ('revolvers') will incur a higher rate of interest, in line with their credit card terms, if the amount is not paid off within this interest free period. While, for revolvers interest is charged retrospectively, the Company did not recognise interest income over the interest free period. The adjustment resulted in an EIR adjustment through recognising additional interest income in respect of customers, who were in their interest free period as at the year end and have retrospectively been charged interest as per terms of the credit card agreements.

29. Restatement (continued)

Transaction costs relating to funding: Previously, costs relating to debt funding have been presented as prepayments in Other assets in the Statement of Financial Position and released over the life of the funding facility. However, in line with IFRS 9 these costs have been allocated to debt funding as part of the amortised cost of Notes Payable.

Deferred tax asset 'DTA': A DTA was not recognised in prior year, however management's forecasts at the time did support recognition of a DTA and as such this has been restated.

Grossing up borrowing funding in cashflow: The cashflow statement previously shown the net proceeds/(repayments) from borrowing, rather than the gross of these numbers, this has now been amended.

Statement of Profit and Loss	2022 (as previously reported)	Adj.	2022 (as restated)
	£000s	£000s	£000s
Interest and similar income	96,868	2,644	99,512
Interest and similar expense	(25,201)	-	(25,201)
Net interest income	**71,667**	**2,644**	**74,311**
Fee and commission income	32,653	-	32,653
Interest and similar expense	(14,869)	-	(14,869)
Net fee and commission income	**17,784**	**-**	**17,784**
Total net income	**89,451**	**2,644**	**92,095**
Credit loss expense on financial assets	(91,921)	-	(91,921)
Net operating income	**(2,470)**	**2,644**	**174**
Personnel expenses	(15,966)	-	(15,966)
Depreciation and amortisation expense	(481)	-	(481)
Other operating expenses	(27,178)	-	(27,178)
Exceptional items	3,203	-	3,203
Profit/(loss) before tax	**(42,892)**	**2,644**	**(40,248)**
Income tax (expense)/income	274	7,596	7,870
Profit/(loss) for the year	**(42,618)**	**10,240**	**(32,378)**

29. Restatement (continued)

Consolidated Statement of Financial Position

	31 March 2022			1 April 2021		
	Results as previously reported	Adj.	Results as restated	Results as previously reported	Adj.	Results as restated
	£000s	£000s	£000s	£000s	£000s	£000s
ASSETS						
Non-current assets						
Property and equipment and right-of-use assets	934	-	934	768	-	768
Deferred tax asset	-	16,428	16,428	-	-	-
	934	**16,428**	**17,362**	**768**	**-**	**768**
Current assets						
Loans and advances to customers	381,771	5,526	387,297	209,498	2,862	212,360
Other assets	14,004	(3,981)	10,023	5,292	(1,811)	3,481
Cash and cash equivalents	64,205	-	64,205	37,164	-	37,164
	459,980	**1,545**	**461,525**	**251,954**	**1,051**	**253,005**
Total assets	**460,914**	**17,973**	**478,887**	**252,722**	**1,051**	**253,773**
Equity and liabilities						
Current liabilities						
Debt issued and other borrowings	(1,057)	-	(1,057)	(11,310)	-	(11,310)
Other liabilities	(16,898)	236	(16,662)	(10,985)	-	(10,985)
	(17,955)	**236**	**(17,719)**	**(22,295)**	**-**	**(22,295)**
Non-current liabilities						
Debt issued and other borrowings	(487,986)	3,982	(484,004)	(239,837)	1,809	(238,028)
Other liabilities	-	-	-	(2)	2	-
	(487,986)	**3,982**	**(484,004)**	**(239,839)**	**1,811**	**(238,028)**
Total liabilities	**(505,941)**	**4,218**	**(501,723)**	**(262,134)**	**1,811**	**(260,323)**
Equity						
Capital and reserves attributable to equity holders of the parent						
Share capital	-	-	-	-	-	-
Preference shares	-	-	-	-	-	-
Share premium	(31,618)	-	(31,618)	(23,830)	-	(23,830)

29. Restatement (continued)

	31 March 2022 Results as previously reported £000s	Adj. £000s	Results as restated £000s	1 April 2021 Results as previously reported £000s	Adj. £000s	Results as restated £000s
Retained earnings	76,078	(22,171)	53,907	33,348	(2,862)	30,486
Foreign exchange reserve	567	(20)	547	(93)	-	(93)
Non-controlling interests in equity	-	-	-	(13)	-	(13)
Total equity	**45,027**	**(22,191)**	**22,836**	**9,412**	**(2,862)**	**6,550**
Total equity and liabilities	**(460,914)**	**(17,973)**	**(478,887)**	**(252,722)**	**(1,051)**	**(253,773)**

Company statement of financial position

	31 March 2022 Results as previously reported £000s	2022 Adj. £000s	Results as restated £000s	1 April 2021 Results as previously reported £000s	2021 Adj. £000s	Results as restated £000s
ASSETS						
Non-current assets						
Investments in subsidiaries	3	-	3	3	-	3
Deferred tax asset	-	16,428	16,428	-	-	-
Property and equipment and right-of-use assets	885	-	885	768	-	768
	888	**16,428**	**17,316**	**771**	**-**	**771**
Current assets						
Loans and advances to customers	343,357	5,003	348,360	209,433	2,862	212,295
Other assets	29,666	(2,814)	26,852	7,175	(1,811)	5,364
Cash and cash equivalents	20,110	-	20,110	13,741	-	13,741
	393,133	**2,189**	**395,322**	**230,349**	**1,051**	**231,400**
Total assets	**394,021**	**18,617**	**412,638**	**231,120**	**1,051**	**232,171**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

29. Restatement (continued)

EQUITY AND LIABILITIES	31 March 2022 Results as previously reported	Adj.	Results as restated	1 April 2021 Results as previously reported	Adj.	Results as restated
Current liabilities	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Debt issued and other borrowings	(607)	-	(607)	(10,710)	-	(10,710)
Other liabilities	(13,680)	236	(13,444)	(8,483)	-	(8,483)
	(14,287)	**236**	**(14,051)**	**(19,193)**	**-**	**(19,193)**
Non-current liabilities						
Debt issued and other borrowings	(2,000)	-	(2,000)	(1,119)	-	(1,119)
Other liabilities	(404,566)	2,814	(401,752)	(218,019)	1,811	(216,208)
	(406,566)	**2,814**	**(403,752)**	**(219,138)**	**1,811**	**(217,327)**
Total liabilities	**(420,853)**	**3,050**	**(417,803)**	**(238,331)**	**1,811**	**(236,520)**
Equity						
Capital and reserves attributable to equity holders of the parent						
Share capital	-	-	-	-	-	-
Preference shares	-	-	-	-	-	-
Share premium	(31,618)	-	(31,618)	(23,830)	-	(23,830)
Retained earnings	58,450	(21,667)	36,783	31,041	(2,862)	28,179
Total equity	**26,832**	**(21,667)**	**5,165**	**7,211**	**(2,862)**	**4,349**
Total equity and liabilities	**(394,021)**	**(18,617)**	**(412,638)**	**(231,120)**	**(1,051)**	**(232,171)**

	2022 (as previously reported)	Adjustments	2022 (as restated)
	£000	£000	£000
Cash flows from operating activities			
Cash used in operations	(184,167)	2,152	(182,015)
Interest paid	(24,716)	-	(24,716)
Income taxes received	(540)	-	(540)
Net cash (outflow) from operating activities	(209,423)	2,152	(207,271)
Cash flows from investing activities			
Payments for property, equipment and right-of-use assets	(646)	-	(646)
Net cash used in investing activities	(646)	-	(646)
Cash flows from financing activities			
Proceeds from borrowings	237,896	200,476	438,372
Repayment from borrowings	-	(202,647)	(202,647)
Dividends paid to company's shareholders	(112)	-	(112)
Net cash from financing activities	237,784	(2,171)	235,613
Net increase in cash and cash equivalents	27,715	(19)	27,696
Cash and cash equivalents at the beginning of the financial year	37,164	-	37,164
Effects of exchange rate changes on cash and cash equivalents	(674)	19	(655)
Cash and cash equivalents at the end of the year	64,205	-	64,205

30. Risk management

30.1 Introduction

The Group operates in the UK and the US. Whilst risk is inherent in the Group's activities, it is managed through a risk management framework including ongoing identification, measurement and monitoring, and subject to various controls. The Group is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. It is also subject to country risk and various operating and business risks.

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks and policies. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Board of Directors.

30.2 Credit risk

30.2.1 Introduction

Credit risk is the risk that the Group will incur a loss because its customers fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual customers and for certain concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the Group's Credit department. It is their responsibility to review and manage credit risk and to report on this to the Group's Risk Committee.

30. Risk management (continued)

The Group's credit quality review process provides early identification of possible changes in the creditworthiness of customers. Customer limits are adjusted as required as a result of these credit quality reviews. The review process utilises a credit risk classification system to identify areas of heightened risk. The purpose of this process is to assess potential losses as a result of risks to which the Group is exposed and to take corrective actions.

30.2.2 Impairment assessment
The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with note 4.11 which sets out the Group's impairment policy.

The Group considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes in 90 days past due on its contractual payments.

As part of a qualitative assessment of whether an exposure is credit-impaired, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- An exposure is forborne or modified due to financial difficulties of the borrower
- Internal rating of the borrower indicating default
- The borrower is deceased or lacks mental capacity
- The borrower files for bankruptcy

The Group considers a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria remain present. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

30.2.2.1 The Group's internal rating and PD estimation process
The Group's Credit department operates an internal rating model. The model incorporates both qualitative and quantitative information and, in addition to information specific to the borrower, utilises supplemental external information that could affect the borrower's behaviour. The internal rating is used to determine the probability of default (PDs). The PDs are then adjusted for IFRS9 ECL calculations to incorporate the forward-looking information and the IFRS 9 stage classification of the exposure. This is repeated for each economic scenario as appropriate.

30.2.2.2 Exposure at default
The exposure at default (EAD) represents the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdowns on committed facilities and accrued interest from missed payments. The EAD of a financial asset represents its gross carrying amount at the time of default subject to the impairment calculation, addressing both the counterparty's ability to increase its exposure while approaching default and potential early repayments too.

The Group assesses the possible default events within 12 months for the calculation of the 12ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

30.2.2.3 Loss given default
The LGD is estimated based on a standard LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered.

These LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries.

30. Risk management (continued)

30.2.2.4 Significant increase in credit risk

The Group continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12ECL or LECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD at the reporting date, with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- A quantitative test based on movement in PD
- Qualitative indicators; and
- A backstop of 30 days past due for all financial assets (regardless of the change in internal credit grades)

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure.

Credit risk grades are defined and calibrated such that the risk of default occurring increases as the credit risk grade deteriorates so, for example, the difference in risk of default between credit risk grades in high grades is smaller than the differences between credit risk grades in standard grades. A SICR is defined as a 75% increase in the lifetime PD of a financial asset, compared to the lifetime PD at origination.

The quantitative measure of significance varies depending on the credit quality at origination using the internal rating assigned at initial recognition. Qualitative indicators used include confirmed fraud, customers in financial difficulty and customers where payment holidays or other payment arrangements are in effect.

30.2.3 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating the allowance for ECL is set out in note 4.11. The four economic scenarios applied in the forward-looking model apply macroeconomic variables including the GDP growth rate, CPI and the unemployment rate.

For both the UK and US, all economic forecasts are supplied by Oxford Economics. This includes the Upside, Downside 1 and Downside 2 scenarios along with the underlying Base scenario. No adjustments are made to these forecasts however the credit department may influence the economic outlook via an adjustment to the scenario weights.

The tables below show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Long term rate" represent a long-term average and so are the same for each scenario.

30. Risk management (continued)

30.2.3.1 Economic scenarios applied to the UK business
31 March 2023

Key drivers	ECL scenario	Assigned weightings	2023	2024	2025	2026	Long term rate
		%	%	%	%	%	%
Unemployment rates %							
	Upside	30.0%	3.9%	3.8%	3.7%	3.6%	3.6%
	Base case	50.0%	4.1%	4.2%	3.9%	3.8%	3.7%
	Downside 1	10.0%	4.7%	6.0%	6.8%	6.8%	6.6%
	Downside 2	10.0%	4.8%	6.3%	7.2%	7.2%	7.0%
GDP growth %							
	Upside	30.0%	1.6%	3.5%	3.3%	2.7%	1.3%
	Base case	50.0%	0.0%	1.5%	2.5%	2.2%	1.4%
	Downside 1	10.0%	-2.5%	-0.8%	2.0%	2.0%	1.5%
	Downside 2	10.0%	-3.9%	-2.2%	1.6%	1.8%	1.6%
CPI %							
	Upside	30.0%	4.8%	4.1%	2.5%	2.1%	2.0%
	Base case	50.0%	4.4%	2.9%	2.1%	2.0%	2.0%
	Downside 1	10.0%	3.8%	1.4%	1.9%	2.1%	2.0%
	Downside 2	10.0%	3.6%	0.6%	1.7%	2.1%	2.0%

31 March 2022

Key drivers	ECL scenario	Assigned weightings	2022	2023	2024	2025	Long term rate
		%	%	%	%	%	%
GDP growth %							
	Upside	10.0%	10.9%	5.3%	4.6%	4.5%	1.4%
	Base case	35.0%	10.2%	2.4%	1.2%	1.1%	1.4%
	Downside 1	40.0%	9.7%	-0.2%	-1.7%	-1.8%	1.4%
	Downside 2	15.0%	9.2%	-2.0%	-3.7%	-3.7%	1.4%
Unemployment rates %							
	Upside	10.0%	3.9%	2.3%	2.3%	2.4%	5.9%
	Base case	35.0%	4.2%	4.0%	4.3%	4.6%	5.9%
	Downside 1	40.0%	4.6%	5.4%	6.0%	6.3%	5.9%
	Downside 2	15.0%	4.8%	6.4%	7.1%	7.4%	5.9%
CPI %							
	Upside	10.0%	3.7%	4.5%	0.7%	-0.4%	2.2%
	Base case	35.0%	3.9%	6.2%	2.9%	1.8%	2.2%
	Downside 1	40.0%	4.1%	7.8%	4.9%	3.9%	2.2%
	Downside 2	15.0%	4.2%	9.0%	6.4%	5.3%	2.2%

30. Risk management (continued)

The following table outlines the impact of multiple scenarios on the allowance. This table shows the contribution to total ECL of each probability weighted scenario in addition to the total incremental effect on ECL of applying multiple economic scenarios compared to the ECL that would have results from applying a 100% weighting to the base case scenario:

		Weighting applied		Group ECL		Parent ECL
	2023	2022	2023	2022	2023	2022
	%	%	£000s	£000s	£000s	£000s
Upside	30	10	34,952	6,523	23,233	5,822
Base case	50	35	61,782	33,638	40,442	30,493
Downside 1	10	40	15,169	57,374	9,886	52,563
Downside 2	10	15	16,423	28,685	10,481	26,380
Total	**100**	**100**	**128,326**	**126,220**	**84,042**	**115,258**
Effect of multiple economic scenarios	**-**	**-**	**4,762**	**30,111**	**3,159**	**28,136**

The following tables outline the impact on ECL from applying a 100% weighting to each scenario:

		Group		Parent
Gross exposure	2023	2022	2023	2022
	£000s	£000s	£000s	£000s
ECL				
Upside	116,506	65,228	77,442	58,229
Base case	123,564	96,109	80,883	87,122
Downside 1	151,689	143,435	98,855	131,407
Downside 2	164,231	191,233	104,813	175,867

30. Risk management (continued)

30.2.4.1 Summary of credit risk

The following disclosures relate to customer loans, there was an additional £1.0m of ECL impairment provided against an intercompany balance affecting the parent figures.

The tables below provide a breakdown of the Group's ECL impairment by stage and geography:

31 March 2023	**Group**				**Parent**
	UK	**US**	**Spain**	**Total**	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Gross carrying amount					
Stage 1	496,462	46,025	-	542,487	496,462
Stage 2	131,917	39,628	-	171,545	131,917
Stage 3	34,488	9,123	-	43,611	34,488
Total	**662,867**	**94,776**	**-**	**757,643**	**662,867**
ECL					
Stage 1	24,462	11,074	-	35,536	24,462
Stage 2	32,918	24,768	-	57,686	32,918
Stage 3	26,661	8,443	-	35,104	26,661
Total	**84,041**	**44,285**	**-**	**128,326**	**84,041**
Coverage ratio					
Stage 1	5%	24%	0%	7%	5%
Stage 2	25%	63%	0%	34%	25%
Stage 3	77%	93%	0%	80%	77%
Total	**13%**	**47%**	**0%**	**17%**	**13%**
Movement in ECL					
Stage 1	(22,521)	4,901	(1,320)	(18,940)	(23,841)
Stage 2	(7,163)	22,588	(542)	14,883	(7,705)
Stage 3	3,556	5,834	(3,227)	6,163	329
Total	**(26,128)**	**33,323**	**(5,089)**	**2,106**	**(31,217)**

30. Risk management (continued)

31 March 2022 (restated)		Group			Parent
	UK	US	Spain	Total	Total
	£000s	£000s	£000s	£000s	£000s
Gross carrying amount					
Stage 1	334,056	42,644	2,506	379,206	336,562
Stage 2	92,970	4,127	402	97,499	93,372
Stage 3	30,457	3,128	3,227	36,812	33,684
Total	**457,483**	**49,899**	**6,135**	**513,517**	**463,618**
ECL					
Stage 1	46,983	6,173	1,320	54,476	48,303
Stage 2	40,081	2,180	542	42,803	40,623
Stage 3	23,105	2,609	3,227	28,941	26,332
Total	**110,169**	**10,962**	**5,089**	**126,220**	**115,258**
Coverage ratio					
Stage 1	14%	14%	53%	14%	14%
Stage 2	43%	53%	135%	44%	44%
Stage 3	76%	83%	100%	79%	78%
Total	**24%**	**22%**	**83%**	**25%**	**25%**
Movement in ECL					
Stage 1	27,670	6,145	408	34,223	28,078
Stage 2	23,670	2,180	421	26,271	24,091
Stage 3	10,242	2,609	2,886	15,737	13,336
Total	**61,582**	**10,934**	**3,715**	**76,231**	**65,505**

30. Risk management (continued)

30.2.4.2 Analysis of Stage 2 loans reflecting the criteria for inclusion in Stage 2

An analysis of Stage 2 balances at the reporting date reflecting the reasons for inclusion in Stage 2 by class of loans and advances to customers (gross carrying amount and corresponding ECL) is presented below. For the purposes of this analysis, where balances satisfy more than one criterion for determining a significant increase in credit risk, the corresponding gross carrying amount and ECL have been assigned in the order of the categories presented, for example, accounts with PD deterioration may also trigger backstops, but are only reported under "PD movement".

The indicators of significant increase in credit risk (SICR) are explained in 30.2.2.4.

31 March 2023	Group								Parent	
	UK	UK	US	US	Spain	Spain	Total Stage 2		Total Stage 2	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Less than 30 days past due (dpd)										
PD movement	84,746	18,124	20,325	13,703	-	-	105,071	31,827	84,746	18,124
Other qualitative reasons	33,400	5,619	11,375	4,210	-	-	44,775	9,829	33,400	5,619
More than 30 dpd	13,771	9,175	7,928	6,855	-	-	21,699	16,030	13,771	9,175
Total	**131,917**	**32,918**	**39,628**	**24,768**	**-**	**-**	**171,545**	**57,686**	**131,917**	**32,918**

31 March 2022	Group								Parent	
	UK	UK	US	US	Spain	Spain	Total Stage 2		Total Stage 2	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Less than 30 days past due (dpd)										
PD movement	86,800	36,050	-	-	-	-	86,800	36,050	86,800	36,050
Other qualitative reasons	437	191	1,239	540	2	1	1,678	732	439	192
More than 30 dpd	5,733	3,840	2,888	1,640	400	541	9,021	6,021	6,133	4,381
Total	**92,970**	**40,081**	**4,127**	**2,180**	**402**	**542**	**97,499**	**42,803**	**93,372**	**40,623**

30. Risk management (continued)

30.2.4.3 Analysis of Stage 3 loans

An analysis of Stage 3 loans is presented below. The table shows loans less than 90 days past due and loans greater than 90 days past due by portfolio and by stage, thus presenting the loans classified as Stage 3 due to ageing and those identified at an earlier stage due to other criteria.

31 March 2023	Group								Parent	
	UK	UK	US	US	Spain	Spain	Total Stage 2		Total Stage 2	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Less than 90 dpd	14,037	8,902	681	639	-	-	14,718	9,541	14,037	8,902
More than 90 dpd	20,451	17,759	8,442	7,804	-	-	28,893	25,563	20,451	17,759
Total	**34,488**	**26,661**	**9,123**	**8,443**	**-**	**-**	**43,611**	**35,104**	**34,488**	**26,661**

31 March 2022	Group								Parent	
	UK	UK	US	US	Spain	Spain	Total Stage 2		Total Stage 2	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Less than 90 dpd	17,455	10,810	-	-	-	-	17,455	10,810	17,455	10,810
More than 90 dpd	13,002	12,295	3,128	2,609	3,227	3,227	19,357	18,131	16,229	15,522
Total	**30,457**	**23,105**	**3,128**	**2,609**	**3,227**	**3,227**	**36,812**	**28,941**	**33,684**	**26,332**

30.2.4.4 Analysis of loans supported by Government-backed programs

In June 2020 the Company was granted access to the British Business Bank's (BBB's) Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLS), which provide an 80% and 100% financial guarantee to the Company on all lending to customers made through the scheme respectively, along with a financial guarantee on 12 months of interest revenue for both schemes. These schemes were only available for the Group's UK business, with no similar schemes available in either the US or Spain.

An analysis of government-backed loans is presented below. The table shows the total gross carrying amount and ECL of these loans by stage.

	2023	2023	2022	2022	2021	2021
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	£000s	£000s	£000s	£000s	£000s	£000s
Stage 1	6,399	-	10,546	-	13,094	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	**6,399**	**-**	**10,546**	**-**	**13,094**	**-**

30. Risk management (continued)

30.2.4.5 Reconciliation of movements in ECL (Group)

	Stage 1 Gross carrying amount	Stage 2 Gross carrying amount	Stage 3 Gross carrying amount	Total Gross carrying amount
	£000s	£000s	£000s	£000s
At 1 April 2021	**201,516**	**45,005**	**15,828**	**262,349**
New assets originated	116,533	14,143	6,792	**137,468**
Payments and assets derecognised	81,838	32,835	19,762	**134,435**
Transfers to Stage 1	11,949	(10,674)	(1,275)	-
Transfers to Stage 2	(18,769)	19,146	(377)	-
Transfers to Stage 3	(13,822)	(2,953)	16,775	-
Amounts written off	-	-	(20,690)	**(20,690)**
Foreign exchange translation	(39)	(3)	(3)	**(45)**
At 1 April 2022	**379,206**	**97,499**	**36,812**	**513,517**
New assets originated	166,063	43,440	3,907	**213,410**
Payments and assets derecognised	46,597	533	55,349	**102,665**
Transfers to Stage 1	36,482	(34,606)	(1,876)	-
Transfers to Stage 2	(69,061)	70,636	(1,575)	-
Transfers to Stage 3	(19,680)	(6,243)	25,923	-
Amounts written off	-	-	(75,277)	**(75,277)**
Foreign exchange translation	2,880	286	348	**3,328**
At 31 March 2023	**542,487**	**171,545**	**43,611**	**757,643**

30. Risk management (continued)

	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL
	£000s	£000s	£000s	£000s
At 1 April 2021	**20,253**	**16,532**	**13,204**	**49,989**
New assets originated	18,692	4,853	5,462	**29,007**
Payments and assets derecognised	16,725	18,480	15,282	**50,487**
Transfers to Stage 1	5,178	(4,501)	(677)	-
Transfers to Stage 2	(1,873)	2,128	(255)	-
Transfers to Stage 3	(1,030)	(965)	1,995	-
Impact on ECL of transfers	(3,461)	6,277	11,193	**14,009**
Amounts written off	-	-	(17,260)	**(17,260)**
Foreign exchange translation	(8)	(1)	(3)	**(12)**
At 1 April 2022	**54,476**	**42,803**	**28,941**	**126,220**
New assets originated	14,281	15,550	3,336	**33,167**
Payments and assets derecognised	(21,057)	(8,022)	41,826	**12,747**
Transfers to Stage 1	14,487	(14,253)	(234)	-
Transfers to Stage 2	(13,078)	13,842	(764)	-
Transfers to Stage 3	(1,936)	(2,311)	4,247	-
Impact on ECL of transfers	(12,097)	9,911	16,619	**14,433**
Amounts written off	-	-	(59,182)	**(59,182)**
Foreign exchange translation	460	166	315	**941**
At 31 March 2023	**35,536**	**57,686**	**35,104**	**128,326**

	Stage 1	Stage 2	Stage 3	Total
	£000s	£000s	£000s	£000s
ECL allowance change for the year	(18,940)	14,883	6,163	**2,106**
Write offs	-	-	75,277	**75,277**
Recoveries on write-offs	-	-	(14,638)	**(14,638)**
Total impairment charge for the year ended 31 March 2023	**(18,940)**	**14,883**	**66,802**	**62,745**

	Stage 1	Stage 2	Stage 3	Total
	£000s	£000s	£000s	£000s
ECL allowance change for the year	34,223	26,271	15,737	**76,231**
Write offs	-	-	20,690	**20,690**
Recoveries on write-offs	-	-	(5,000)	**(5,000)**
Total impairment charge for the year ended 31 March 2022	**34,223**	**26,271**	**31,427**	**91,921**

30. Risk management (continued)

30.2.4.6 Reconciliation of movements in ECL (Parent)

	Stage 1 Gross carrying amount	Stage 2 Gross carrying amount	Stage 3 Gross carrying amount	Total Gross carrying amount
	£000s	£000s	£000s	£000s
At 1 April 2021	**201,215**	**45,005**	**15,828**	**262,048**
New assets originated	75,757	10,024	3,711	**89,492**
Payments and assets derecognised	80,232	32,824	19,920	**132,976**
Transfers to Stage 1	11,949	(10,674)	(1,275)	-
Transfers to Stage 2	(18,769)	19,146	(377)	-
Transfers to Stage 3	(13,822)	(2,953)	16,775	-
Amounts written off	-	-	(20,898)	**(20,898)**
At 1 April 2022	**336,562**	**93,372**	**33,684**	**463,618**
New assets originated	145,303	27,941	1,940	**175,184**
Payments and assets derecognised	49,197	(6,421)	39,521	**82,297**
Transfers to Stage 1	36,474	(34,598)	(1,876)	-
Transfers to Stage 2	(55,831)	57,406	(1,575)	-
Transfers to Stage 3	(15,243)	(5,783)	21,026	-
Amounts written off	-	-	(58,232)	**(58,232)**
At 31 March 2023	**496,462**	**131,917**	**34,488**	**662,867**

	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL
	£000s	£000s	£000s	£000s
At 1 April 2021	**20,017**	**16,532**	**13,204**	**49,753**
New assets originated	13,314	4,422	2,892	**20,628**
Payments and assets derecognised	16,158	16,805	15,487	**48,450**
Transfers to Stage 1	5,178	(4,501)	(677)	-
Transfers to Stage 2	(1,872)	2,127	(255)	-
Transfers to Stage 3	(1,029)	(965)	1,994	-
Impact on ECL of transfers	(3,463)	6,203	11,120	**13,860**
Amounts written off	-	-	(17,433)	**(17,433)**
At 1 April 2022	**48,303**	**40,623**	**26,332**	**115,258**
New assets originated	8,805	6,121	1,546	**16,472**
Payments and assets derecognised	(21,881)	(11,627)	29,049	**(4,460)**
Transfers to Stage 1	14,487	(14,253)	(234)	-
Transfers to Stage 2	(10,931)	11,695	(764)	-
Transfers to Stage 3	(1,631)	(2,271)	3,902	-
Impact on ECL of transfers	(12,690)	2,630	12,352	**2,293**
Amounts written off	-	-	(45,522)	**(45,522)**
At 31 March 2023	**24,462**	**32,918**	**26,661**	**84,041**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

30. Risk management (continued)

	Stage 1	Stage 2	Stage 3	Total
	£000s	£000s	£000s	£000s
ECL allowance change for the year	(23,841)	(7,705)	329	**(31,217)**
Write offs	-	-	58,232	**58,232**
Recoveries on write-offs	-	-	(11,493)	**(11,493)**
Total impairment charge for the year ending 31 March 2023	**(23,841)**	**(7,705)**	**47,068**	**15,522**

	Stage 1	Stage 2	Stage 3	Total
	£000s	£000s	£000s	£000s
ECL allowance change for the year	28,078	24,091	13,336	**65,505**
Write offs	-	-	20,898	**20,898**
Recoveries on write-offs	-	-	(5,000)	**(5,000)**
Total impairment charge for the year ended 31 March 2022	**28,078**	**24,091**	**29,234**	**81,403**

30.2.5 Model adjustments and management overlays

30.2.5.1 Model adjustment for year ending 31 March 2023
During the year the Group switched its macroeconomic forecasting from Bank of England Forecasts to Oxford Economics forecasting. The macroeconomic scenarios provided were delivered for March 2023 and as a result, it is the view of management that they represent the most accurate and up to date information. Therefore, no adjustments were made to the year-end weightings or ECL figure.

30.2.5.2 Model adjustment for year ending 31 March 2022
Amid a continuing recovery from the Covid pandemic, early 2022 saw a growing consensus that UK inflation was set to rise, with a general expectation it would reach levels not seen for over 30 years. Issues with gas and oil supplies were already causing hikes in household fuel bills, while other markets including food and used cars have also seen rising prices. Increased costs have squeezed company margins, leading to price rises across a broad range of industries. The start of the Ukraine war exacerbated the situation by casting further uncertainties over ongoing fuel sources.

The most recent Bank of England quarterly monetary policy report as at the reporting date was published on 3rd February 2022. While there was already an expectation of increasing inflation, this report predated the start of the war, and the outlook worsened further beyond the reporting date. Under the Base scenario this report forecast CPI to peak at c.7%, while the actual figure later published for March was already 7.0%, with no sign of plateauing at this level.

The Group considered that the most likely economic driver of increased default risk was increased inflation and recognised that the February 2022 Bank of England forecast failed to reflect the full extent of inflationary increase to be reasonably expected beyond March 2022. As a result, an adjustment to the scenario weightings applied in calculating the 2022 ECL was made. A summary of the adjustment to the weightings, along with the impact to the reported ECL figure compared to the base weighting, is included below:

30. Risk management (continued)

			Group		Parent	
	Base weighting	**Adjusted weighting**	**Base ECL contribution**	**Adjusted ECL contribution**	**Base ECL contribution**	**Adjusted ECL contribution**
	%	**%**	**£000s**	**£000s**	**£000s**	**£000s**
Upside	20	10	13,046	6,523	11,646	5,822
Base case	60	35	57,665	33,638	52,273	30,493
Downside 1	15	40	21,515	57,374	19,711	52,563
Downside 2	5	15	9,562	28,685	8,793	26,380
Total	**100**	**100**	**101,788**	**126,220**	**92,423**	**115,258**

30.2.5.3 Model adjustment for year ending 31 March 2021

Prior to 31 March 2021, the latest Monetary Report was released on 4 February 2021. The report was released while the UK was still in lockdown, with an unclear timeline to the lockdown ending. The report notably expected a GDP drop of 4% during Q1 2021.

The roadmap for lifting the lockdown was announced in late February, with the first step of measures lifted by 29 March 2021 (allowing people to once again leave home). All non-essential shops and services were expected to reopen by 12 April 2021, and rules limiting the size of gatherings to be relaxed by mid-May 2021. It was not expected that all social distancing limits would be removed prior to 21 June 2021.

Given the release of lockdowns and the roadmap, management saw several macroeconomic indicators suggesting that the economy would recover quicker than originally anticipated by the Bank of England's projections. These were:

1. GDP levels higher than predicted in the Bank of England forecast during December 2020 and January 2021
2. The FTSE 100 experiencing significant growth following the announcement of the lockdowns being lifted - *reflective of the market view that output (and hence GDP) was significantly expected to increase going forward*
3. UK gilt yields rapidly rising in February and March 2021 suggesting improvement in comparison to the expected macroeconomic performance

Based on these observations, it was management's view that the GDP dip expected in the February 2021 report would no longer be as severe as forecast. As the adjustment to inputs was made primarily to adjust the short term forecast for GDP growth and the unemployment rate, the adjustments made were to the model inputs rather than to the scenario weightings.

The adjustments made were as follows:

- GDP: The early shock projected in the 21 February Monetary Report was smoothed out over the first three quarters of 2021. Thereafter, GDP was assumed to grow at the same rate as initially expected in the published projections.

- Unemployment rate: The early shock projected in the 21 February Monetary Report was smoothed out over the first three quarters of 2021. Thereafter, the unemployment rate was assumed to fall at the same rate as initially expected in the published projections.

- CPI: The inflation projection was left unchanged. There were some very early indicators that inflation was actually lower than expected. However, given the Bank of England's 2% target for inflation, it was felt it would likely follow a similar path as originally predicted back to its expected value.

30. Risk management (continued)

A summary of the adjustments made, along with the impact to the reported ECL figure compared to the base inputs, is included below:

31 March 2021

Key drivers per Bank of England published forecast	ECL scenario	Assigned weightings	2021	2022	2023	2024	Long term rate
		%	%	%	%	%	%
GDP growth %							
	Upside	20%	6.2%	15.7%	1.9%	1.0%	1.4%
	Base case	60%	4.0%	14.4%	1.7%	1.7%	1.4%
	Downside 1	15%	1.5%	13.1%	1.9%	2.8%	1.4%
	Downside 2	5%	-0.4%	12.0%	2.2%	3.8%	1.4%
Unemployment rates %							
	Upside	20%	4.3%	4.7%	3.1%	3.0%	5.9%
	Base case	60%	4.9%	7.0%	5.4%	5.1%	5.9%
	Downside 1	15%	5.4%	9.1%	7.7%	7.2%	5.9%
	Downside 2	5%	5.8%	10.6%	9.4%	8.8%	5.9%
CPI %							
	Upside	20%	0.4%	-0.4%	-0.6%	-0.6%	2.2%
	Base case	60%	0.7%	1.8%	2.1%	2.0%	2.2%
	Downside 1	15%	0.9%	3.7%	4.5%	4.4%	2.2%
	Downside 2	5%	1.0%	5.0%	6.2%	6.1%	2.2%

31 March 2021

Adjusted key drivers applied in calculating ECL	ECL scenario	Assigned weightings	2021	2022	2023	2024	Long term rate
		%	%	%	%	%	%
GDP growth %							
	Upside	20%	12.5%	12.6%	2.0%	2.4%	1.4%
	Base case	60%	7.6%	11.2%	1.6%	1.7%	1.4%
	Downside 1	15%	3.7%	9.0%	1.5%	1.2%	1.4%
	Downside 2	5%	1.2%	7.2%	1.5%	0.9%	1.4%
Unemployment rates %							
	Upside	20%	4.6%	3.6%	2.8%	2.9%	5.9%
	Base case	60%	4.8%	5.3%	4.7%	4.6%	5.9%
	Downside 1	15%	4.9%	6.9%	6.6%	6.4%	5.9%
	Downside 2	5%	5.0%	8.0%	8.0%	7.7%	5.9%
CPI %							
	Upside	20%	0.4%	-0.4%	-0.6%	-0.6%	2.2%
	Base case	60%	0.7%	1.8%	2.1%	2.0%	2.2%
	Downside 1	15%	0.9%	3.7%	4.5%	4.4%	2.2%
	Downside 2	5%	1.0%	5.0%	6.2%	6.1%	2.2%

30. Risk management (continued)

31 March 2021		**Group**		**Parent**	
			Adjusted		**Adjusted**
Impact of post-model adjustment on ECL	**Assigned weightings**	**Base ECL contribution**	**ECL contribution**	**Base ECL contribution**	**ECL contribution**
	%	**£000s**	**£000s**	**£000s**	**£000s**
Upside	20	6,725	6,079	6,722	6,034
Base case	60	35,821	27,725	35,801	27,586
Downside 1	15	17,728	11,016	17,718	10,978
Downside 2	5	8,614	5,169	8,609	5,155
Total	**100**	**68,888**	**49,989**	**68,850**	**49,753**

30.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to two types of market risk; interest rate risk impacts the Group on both its financial assets and financial liabilities whilst currency risk impacts the Group due to its foreign operations in the US and Spain. Financial instruments affected by these risks include loans and advances to customers and debt issued.

30.3.1 Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's exposure to interest rate risk is minimal due to the short-term nature of its assets and the ability of the Group to reprice customer loans.

The Group's loan portfolios contain short term receivables that are linked to a fixed rate of interest, which are adjustable upon 60 days-notice.

All funding arrangements outstanding at year-end reference a variable rate of interest. The funding arrangements of the subsidiaries require interest to be paid according to one month compounded SONIA/SOFR plus a fixed margin. Given the ability of the Group to adjust the applicable interest rate of the loan portfolio, and the short-dated nature of these assets, the Group does not believe it is materially exposed to movements in interest rates.

The Group does not consider that it is exposed to significant interest rate risk due to its liabilities referencing one month SONIA/SOFR and the ability to reprice its assets with 60 days' notice. Management review any potential interest rate exposure on a periodic basis.

The Group's existing financing facilities reference SONIA in calculation of the interest payable on drawn amounts.

30.3.2 Currency risk
Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries.

30. Risk management (continued)

30.4 Liquidity and funding risk

The Group manages liquidity risk through arranging access to a range of short to medium term funding facilities to meet its requirements and constant portfolio performance monitoring and underwriting.

The below table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	2023	2022	2021
	£000s	£000s	£000s
On demand	2,957	1,459	974
Less than 3 months	25,145	10,831	5,078
3 to 12 months	75,434	32,493	15,234
1 to 5 years	1,455,492	925,970	352,433
>5 years	-	-	-
Total	**1,559,028**	**970,753**	**373,719**

The above detailed gross contractual cashflows assumes the following: i) all funding facilities will be redeemed upon the expected maturity, ii) no alteration in interest rates, and iii) all funding facilities are fully drawn.

30.5 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company and its subsidiaries are subject to external capital requirements as set out below:

- minimum requirement under the Companies Act 2006, that is, the shares have a fixed nominal value and they are denominated in Pound Sterling; and
- minimum requirements for purposes of EMI license, as reported to the FCA.

The Group has not breached any of its capital requirements in the year.

31. Segmental Analysis

The Directors manage the Group by geographic region and present the segmental analysis on that basis. The Group's activities are presented in two (2021: two) operating segments; UK and US. The analysis consists of a breakdown of PBT and Total Assets by segment. Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Funding of the Group is managed as a whole rather than on a segmental basis therefore no segment information has been presented in respect of the liabilities.

31.1 Segmental statement of profit or loss for the year ended 31 March 2023

	2023 UK £000	2023 US £000
Interest and similar income	135,414	21,234
Interest and similar expense	(38,359)	(9,174)
Net interest income	**97,055**	**12,060**
Fee and commission income	57,355	4,660
Fee and commission expense	(28,479)	(3,317)
Net fee and commission income	**28,876**	**1,343**
Total net income	**125,931**	**13,403**
Credit loss (expense) on financial assets	(13,353)	(49,391)
Net operating income/(loss)	**112,578**	**(35,988)**
Personnel expenses	(25,322)	(8,210)
Depreciation expense	(1,193)	-
Other operating expenses	(23,451)	(8,020)
Exceptional items	(275)	-
Profit/(loss) before tax	**62,337**	**(52,218)**
Consolidated profit/(loss) before tax	10,119	
Consolidated profit/(loss) before tax per statement of profit or loss	10,119	

31.1 Segmental statement of profit or loss for the year ended 31 March 2022

	2022 UK £000	2022 US £000
Interest and similar income	94,481	5,031
Interest and similar expense	(22,881)	(2,320)
Net interest income	**71,600**	**2,711**
Fee and commission income	30,723	1,930
Fee and commission expense	(13,768)	(1,101)
Net fee and commission income	**16,955**	**829**
Total net income	**88,555**	**3,540**
Credit loss (expense) on financial assets	(81,403)	(10,518)
Net operating income/(loss)	**7,152**	**(6,978)**
Personnel expenses	(13,284)	(2,682)
Depreciation expense	(481)	-
Other operating expenses	(22,021)	(5,157)
Exceptional items	3,203	-
Profit/(loss) before tax	**(25,431)**	**(14,817)**
Consolidated profit/(loss) before tax	(40,248)	
Consolidated profit/(loss) before tax per statement of profit or loss	(40,248)	

31.2 Segmental total assets

	2023 £000	2022 £000
United Kingdom	711,053	428,773
United States	76,110	50,114
Total assets	787,163	478,887
Total assets as per the balance sheet	787,163	478,887

32 Net cash used in operations

	2023	2022 (restated)
	£000	£000
Profit/(loss) for the financial year	(3,459)	(32,377)
Adjustments for:		
Tax paid/(received)	13,586	(7,870)
Interest paid	47,531	25,201
Depreciation of property, equipment and right-of-use assets	1,192	481
Movement in deferred tax asset	(8,558)	16,428
Movements in working capital		
Increase in debtors	(244,922)	(197,914)
Increase in creditors (excl. debt issued and other borrowings, corporation tax, accrued interest)	8,239	6,248
Increase in share premium on conversion of shares	-	7,788
Cash flow from operations	(186,391)	(182,015)