

COMPANIES ACT 2006
COMPANY LIMITED BY SHARES
SPECIAL BUSINESS RESOLUTIONS
OF
NON-STANDARD FINANCE PLC
(the "Company")

WEDNESDAY



(passed on 30 March 2016)

At the annual general meeting of the Company duly called and held at 10 Greycoat Place, London SW1P 1SB, on 30 March 2016 at 11 00 AM, the following resolutions were duly passed, in the case of resolution 12 as an ordinary resolution and, in the case of resolutions 13, 14 and 15, as special resolutions

ORDINARY RESOLUTIONS

Directors' authority to allot shares

- 12 THAT the Board of Directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company
- a) up to a nominal amount of £4,892,004 50 (such amount to be reduced by any allotments or grants made under paragraph b below in excess of such sum), and
 - b) comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £9,784,009 (such amount to be reduced by any allotments or grants made under paragraph a above) in connection with an offer by way of a rights issue
 - i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings, and
 - ii) to holders of other equity securities as required by the rights of those securities or as the Board of Directors otherwise considers necessary,

and so that the Board of Directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authority to apply until the end of next year's AGM (or, if earlier, until the close of business on 30 June 2017) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends

and the Board of Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended

SPECIAL RESOLUTIONS

Directors' authority to disapply pre-emption rights

13 THAT if resolution 12 is passed, the Board of Directors be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited

- a) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph b of resolution 12, by way of a rights issue only)
 - i to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings, and
 - ii to holders of other equity securities, as required by the rights of those securities, or as the Board of Directors otherwise considers necessary,

and so that the Board of Directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, and

- b) in the case of the authority granted under paragraph a of resolution 12 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph a above) up to a nominal amount of £1,467,601 35,

such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 30 June 2017 but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board of Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended

Authority to make market purchases of the Company's own shares

14 THAT the Company be authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 5 pence each ("Ordinary Shares") provided that

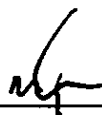
- a) the maximum number of Ordinary Shares hereby authorised to be purchased is 29,352,027,

- b) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is the nominal amount of that share, and
- c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the highest of
 - (i) an amount equal to 5 per cent above the average market value of an Ordinary Share for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased, and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time,

such authority to apply until the end of next year's AGM (or, if earlier, until the close of business on 30 June 2017) but during this period the Company may enter into a contract to purchase Ordinary Shares, which would, or might, be completed or executed wholly or partly after the authority ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the authority had not ended

Notice of general meetings

- 15 THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice



Nick Teunon
Company Secretary

Dated: 30 March 2016

Directors' remuneration report

continued

Part D: Annual Report on Remuneration

This Annual Report on Remuneration contains details of how the Company's Remuneration Policy for Directors was implemented during the financial year ended 31 December 2015. This report has been prepared in accordance with the provisions of the Companies Act 2006 and the Regulations. An advisory resolution to approve this report and the annual statement will be put to shareholders at the AGM on 30 March 2016.

1 Single figure remuneration table Executive Directors – audited

The remuneration of Executive Directors showing the breakdown between components, is shown below. There are no prior year comparators as the Company was first incorporated in 2014 but had no employees until 2015. Figures provided have been calculated in accordance with the Regulations.

		Base Salary £000	Taxable Benefits £000	Bonus £000	Long Term Incentives £000	Pension £000	Other £000	Total £000
John van Kuffeler	2015	215	21	215	–	22	–	473
Nick Teunon	2015	155	9	155	–	15	–	334
Miles Cresswell-Turner	2015	101	–	101	–	9	–	211

Notes

- 1 Taxable Benefits comprise a car in the case of John van Kuffeler and life medical and income protection insurance in the case of John van Kuffeler and Nick Teunon – the values of which have been included in the Taxable Benefits column.
- 2 The Executive Directors are entitled to receive a contribution to a personal pension scheme or cash in lieu – the value of which has been included in the Pension column.

Annual Bonus outcomes for the period ended 31 December 2015 – audited

For 2015 the Executive Chairman and the Chief Financial Officer had a maximum Annual Bonus opportunity of 100% of salary. For each Executive Director, the 2015 Annual Bonus determination was based on the successful acquisitions in all three key target sub sectors, the raising of associated further equity and debt funding and the successful upgrading of management and regulatory compliance at Loansathome4u following its acquisition. The Annual bonus table below provides information on the resulting bonus payment for each Executive Director.

As a result of the discretion exercised by the Remuneration Committee, the bonuses awarded to the Executive Directors are £215,000 for John van Kuffeler (100% of maximum), £155,000 for Nick Teunon (100% of maximum) and £101,000 for Miles Cresswell-Turner (100% of maximum). The 2015 bonuses will be paid in cash. No part of the bonus will be subject to deferral.

Payments to past Directors or for loss of office – audited

During the year there were no payments to past Directors and no payments for loss of office.

2 Implementation of remuneration policy for the Executive Directors for 2016

Base salary

In setting salary levels for the 2016 financial year for the Executive Directors, the Committee considered a number of factors, including individual performance and experience, pay and conditions for employees across the Company, the general performance of the Company, pay levels in other comparable companies, other elements of remuneration and the economic environment. The salaries for 2016 and the relative increases are set out below.

	Base salary £000		% change
	2016	2015	
John van Kuffeler	£288	£250	15%
Nick Teunon	£207	£180	15%
Miles Cresswell-Turner	£230	£200	15%

Pension and benefits

The maximum contribution to a personal pension scheme or cash in lieu is equal to 10% of base salary for all Executive Directors. None of the Executive Directors had prospective rights under a defined benefit pension scheme.

Benefits will be provided to the Executive Directors in line with the Directors' Remuneration Policy.

Annual bonus

Consistent with the Directors' Remuneration Policy the maximum and target bonus potentials for 2016 are

	Maximum bonus % of salary	On-target bonus % of maximum	Threshold bonus % of maximum
John van Kuffeler	100%	75%	25%
Nick Teunon	100%	75%	25%
Miles Cresswell-Turner	100%	75%	25%

For the 2016 financial year, performance measures include financial measures based on budgeted profit before tax and non-financial measures including conduct-based measures which ensure delivery of good customer outcomes through appropriate affordability assessments and appropriate treatment of vulnerable customers together with appropriate collections, arrears and forbearance practices. Financial and non-financial measures are split 70% financial and 30% non-financial, though these are interdependent such that payment under one element depends on meeting the threshold for the other element.

Threshold vesting will be set at 90% of target with on-target vesting at 100% and maximum vesting at 110%, with vesting on a sliding scale between these points.

The Board is of the opinion that the precise performance targets for the Annual Bonus are commercially sensitive and that it would be detrimental to the interests of the Company to disclose them before the start of the financial year. Actual targets, performance achieved and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any pay-outs.

LTI awards

No LTI awards are to be made.

3 Consideration by the Committee of matters relating to the Directors' remuneration for 2015 and 2016

The Committee complies with the UK Corporate Governance Code. The Committee makes recommendations to the Board, within agreed terms of reference, on remuneration for the Executive Directors and has oversight of remuneration arrangements for senior management. The Committee's full terms of reference are available on the Company's website at www.nonstandardfinance.com.

Members of the Committee during 2015	Independent	Committee meeting		Attendance
		September 2015	October 2015	
Charles Gregson	No	✓	✓	100%
Robin Ashton	No	✓	✓	100%
Heather McGregor	Yes	✓	✓	100%

All Committee members attended all Remuneration Committee meetings that took place while they were members of the Committee. None of the Committee members has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day to day involvement in running the business. The Executive Chairman and the Chief Financial Officer attend meetings at the invitation of the Committee, but are not present when their own remuneration is being discussed.

The Committee received external advice in 2015 from PwC during the year. Following the Company's IPO the Committee appointed PwC as its advisers after a tender process in May 2015. PwC are considered by the Committee to be objective and independent. PwC are members of the Remuneration Consultants Group and as such voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. The Committee reviewed the nature of all the services provided during the year by PwC and was satisfied that no conflict of interest exists or existed in the provision of these services. The total fees paid to PwC in respect of services to the Committee during the year were £63,000. Fees were determined based on the scope and nature of the projects undertaken for the Committee. PwC also provides valuation advice and assistance with implementation of the Group's long-term incentive arrangements.

During the financial year, there were two Committee meetings. The matters covered at each meeting are covered in the table below:

September 2015	October 2015
<ul style="list-style-type: none">Review of governance and benchmarking in respect of Executive Director remunerationConsideration of LTI alternatives	<ul style="list-style-type: none">Review of decisions on Executive Director remuneration

Directors' remuneration report

continued

Part D: Annual Report on Remuneration continued

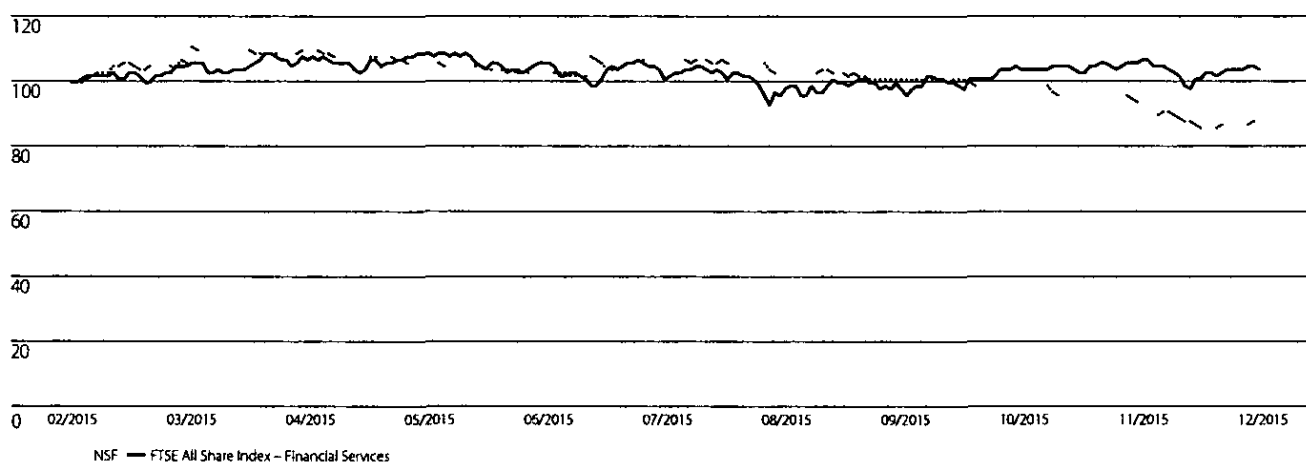
4 Executive Chairman and employee pay

Total Shareholder Returns and Executive Chairman pay since IPO

The Committee believes that the current Executive Directors' Remuneration Policy and the supporting reward structure provide clear alignment with the Company's performance. The Committee believes it is appropriate to monitor the Company's performance against comparable companies.

The chart below illustrates our Total Shareholder Return performance against the FTSE All Share Index – Financial Services.

Total Shareholder Return



There are no prior year comparatives as the Company was first incorporated in 2014 but had no employees until 2015.

This index has been chosen by the Committee as it is considered the most appropriate benchmark against which to assess the relative performance of the Company for this purpose.

Executive Chairman	2015
Single figure of total remuneration (£000)	473
Bonus pay-out (% maximum)	100%
Long term incentive vesting rates (% maximum)	n/a

Percentage change in the Executive Chairman's remuneration

There are no prior year comparatives as the Company was first incorporated in 2014 but had no employees until 2015.

Relative importance of spend on pay

The table below shows the total pay (including bonuses) for all the Group's employees in the financial period ended 31 December 2015 (employees at Loansathome4u since the date of acquisition).

Total employee remuneration (£ 000)	4,530
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No returns were made to shareholders in the year.

5 Single figure remuneration table Non-Executive Directors – audited

The remuneration of Non-Executive Directors showing the breakdown between components is shown below. There are no prior year comparatives as the Company was first incorporated in 2014 but had no Non-Executive Directors until 2015. Figures provided have been calculated in accordance with the Regulations.

		Fees £000	Benefits/Other £000	Total £000
Charles Gregson	2015	50	–	50
Robin Ashton	2015	43	–	43
Heather McGregor	2015	68	–	68

Fees to be provided in 2016 to the Non-Executive Directors

The following table sets out the annual fee rates for the Non-Executive Directors

		2016	2015	% change
Non-Executive Director fee	Charles Gregson and Robin Ashton	50	50	nil
Independent Non-Executive Director fee	Heather McGregor	75	75	nil

6 Directors' shareholding and share interests

Shareholding and other interests at 31 December 2015 – audited

Directors' share interests and where applicable achievement of shareholding requirements are set out below. In order that their interests are aligned with those of shareholders, Executive Directors are expected to build up and maintain (as relevant) a personal shareholding equal to 100% of their base salary in the Company.

	Shareholding at 31 December 2015			Interests in Founder Shares		Total at 29 February 2016
	Number of beneficially owned shares	% of salary held	Shareholding requirement met	Subject to conditions	Vested but unexercised	
John van Kuffeler	2,114,474	623%	Yes	30	–	30
Nick Teunon	30,921	13%	No	15	–	15
Miles Cresswell-Turner	490,132	181%	Yes	25	–	25
Charles Gregson	223,553			20	–	20
Robin Ashton	128,947			10	–	10
Heather McGregor	13,250			–	–	–
Total	3,001,277			100	–	100

Notes

- Beneficial interests include shares held directly or indirectly by connected persons
- Shareholding requirement calculation is based on the share price at the end of the year (£0.8475 at 31 December 2015) and base salaries at 1 January 2016

At 29 February 2016 Charles Gregson had increased his shareholding to 247,083 shares and Heather McGregor had increased her shareholding to 36,939 shares.

Dilution

The Company funds its share incentives through a combination of new issue and market purchased shares. The Company monitors the levels of share grants and the impact of these on the ongoing requirement for shares. In accordance with guidelines set out by the Investment Association (IA), the Company can issue a maximum of 10% of its issued share capital in a rolling ten year period to employees under all its share plans.

Non-Executive positions held by Executive Directors

John van Kuffeler retained fees of £53,462 during the year from his Non-Executive position at Paratus AMC Limited.

7 Shareholding voting

This is the first year that we will be presenting our Directors' Remuneration Policy and Annual Report on Remuneration to shareholders for vote as a public listed company. We will present the full voting results in next year's report.

By order of the Board

Charles Gregson

Chairman of the Remuneration Committee

4 March 2016

Independent auditor's report to the members of Non-Standard Finance plc

Opinion on financial statements of Non-Standard Finance plc

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the period from 8 July 2014 to 31 December 2015,
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation

The financial statements comprise the Consolidated Statement of Comprehensive Income the Consolidated and Company Statement of Financial Position the Consolidated and Company Cash Flow Statements the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and as regards the parent company financial statements as applied in accordance with the provisions of the Companies Act 2006

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to in relation to

- the directors' confirmation on page 24 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model future performance solvency or liquidity
- the disclosures on pages 33 and 34 that describe those risks and explain how they are being managed or mitigated
- the directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties as to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- the director's explanation on page 33 as to how they have assessed the prospects of the group over what period they have done so and why they consider that period to be appropriate and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions

We agreed with the directors adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted this statement is not a guarantee as to the group's ability to continue as a going concern

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards

We also confirm we have not provided any of the prohibited non-audit services referred to in those standards

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy the allocation of resources in the audit and directing the efforts of the engagement team

Risk	How the scope of our audit responded to the risk
<p>Acquisition accounting</p> <p>On 4 August 2015 the group acquired SD Taylor Limited from S&U plc for £82.4 million. IFRS 3 requires assets and liabilities acquired to be recognised initially at their fair values. Intangible assets must also be recognised at fair value if they are separable or arise from other contractual rights.</p> <p>The identification of intangible assets and determination of fair values requires the exercise of significant judgement and our work in this respect was focussed on three key areas:</p> <ul style="list-style-type: none"> the recognition of a £17.3 million intangible asset in relation to the customer list acquired from S&U plc. This was determined using a discounted cash flow model which required the exercise of management judgement in the estimation of forecast future cash flows, useful economic life and the selection of an appropriate discount rate; the £5.9 million adjustment to recognise the loan book at fair value which required management judgement in respect of the estimated discounted future cash flows from the acquired loan book as at the acquisition date; and the completeness of intangible assets identified and the consequent recognition of £40.2 million of goodwill being the excess of the fair value of the consideration over the fair value of the acquired identifiable assets and liabilities. <p>Further detail in respect of management judgements and assumptions is set out within the critical accounting judgements and key sources of estimation uncertainty note and notes 12, 13 and 23 to the financial statements.</p>	<p>We reviewed management's methodology for acquisition accounting against the technical requirements of IFRS 3 which involved independent challenge of management's identification of intangible assets on acquisition.</p> <p>For the customer list acquired we:</p> <ul style="list-style-type: none"> challenged the key judgements regarding the forecasted future cash flows, the discount rate and the estimated economic useful life with reference to the historical performance of the loan book; consulted with our valuation specialists to assess the appropriateness of management's approach to the fair value assessment and discount rate used; assessed the overall quality of management's budgeting; and performed sensitivity analysis in relation to the key assumptions in order to assess the potential for management bias. <p>In relation to the loan book fair valuation we:</p> <ul style="list-style-type: none"> tested the underlying data used to generate the forecast cash flow model; challenged the assumptions used in the calculation with reference to historical data; and consulted with our valuation specialists to assess the appropriateness of the discount rate used. <p>In relation to the completeness of the intangible assets identified and consequent goodwill we:</p> <ul style="list-style-type: none"> challenged the appropriateness of the intangible assets identified by management in comparison to those we would normally expect to see in similar transactions; and recalculated goodwill and critically assessed management's assessment of the carrying value.
<p>Loan impairment</p> <p>The carrying value of the group's loans to customers prior to impairment provisioning is £30.3 million. Against this, an impairment provision of £1.9 million has been made.</p> <p>The assessment of the group's calculation of provisions for impairment losses against acquired and originated loans requires management to make significant judgements. Key assumptions include determining the impairment trigger and expectations of cash flows from customers. Following the acquisition of Loansathome4u, management introduced a new impairment methodology which resulted in a more timely recognition of impairment. Management uses historical collection curves which are generated using SAS scripts (computer programming code), to extract data from the underlying lending system to determine expected cash flows. Changes to these assumptions can have a material impact on the impairment provision.</p> <p>Further detail in respect of the assumptions is set out within the critical accounting judgements and key sources of estimation uncertainty note.</p>	<p>Our IT specialists tested the SAS scripts and data flows from source systems to spreadsheet based models to test the models' completeness and accuracy.</p> <p>We considered the appropriateness of the newly implemented impairment trigger by comparing the group's loss event definition to previous and recent entity specific experience of asset performance, as well as other organisations with similar asset classes.</p> <p>We challenged the appropriateness of management's key assumptions used in the impairment calculations for loans. This involved assessing the assumptions related to the timing and quantum of cash flows for appropriateness in comparison to current and forecast external market and economic data as well as historical experience at SD Taylor Limited and experience since acquisition.</p> <p>Sensitivity analysis was also performed in relation to the key assumptions in order to assess the potential for management bias.</p>
<p>Revenue recognition</p> <p>Total revenue recognised in the period amounted to £9.2 million.</p> <p>IAS 39 'Financial Instruments' requires that revenue on acquired and originated loans is recognised over the shorter of the contractual and estimated behavioural lives using an effective interest rate and this method requires management to make significant judgements. The most critical and sensitive assumption is the estimated behavioural life of each loan at inception and which directly affects the anticipated timing of cash flows. Changes to this assumption could significantly affect the revenue recognised in any given period.</p> <p>Further detail in respect of the assumptions is set out within the critical accounting judgements and key sources of estimation uncertainty note and note 3 to the financial statements.</p>	<p>We challenged management's assumptions in respect of cash flow estimates for acquired and originated loans, focusing on the timing and level of early settlements which directly impact estimated behavioural lives, as well as the completeness of other directly attributable costs. We considered the estimated behavioural life applied to determine the future expected cash flows by reference to historical experience at SD Taylor Limited and experience since acquisition.</p> <p>Sensitivity analysis was also performed in relation to the key assumptions in order to assess the potential for management bias.</p> <p>We independently recalculated the effective interest rate for each of the group's main products.</p>

Independent auditor's report to the members of Non-Standard Finance plc continued

	<p>The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 30</p> <p>These matters 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</p>
Our application of materiality	<p>We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.</p> <p>We determined materiality for the group to be £800,000. This has been determined by reference to total equity which we consider to be one of the principal considerations for members of the company in assessing the financial position of the group in its first period of operation. Materiality represents less than 1% of equity.</p> <p>We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £9,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.</p>
An overview of the scope of our audit	<p>Our group audit was scoped by obtaining an understanding of the group and its environment, including group wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, our group audit scope primarily focussed on the group's sole trading subsidiary which accounts for 100% of the group's revenue as well as the parent entity. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.</p> <p>All entities within the group have the same engagement partner as the group audit who visited both the company head office as well as that of the sole trading subsidiary.</p>
Opinion on other matter prescribed by the Companies Act 2006	<p>In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.</p>
Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	<p>Under the Companies Act 2006 we are required to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • we have not received all the information and explanations we require for our audit, or • adequate accounting records have not been kept by the parent company or returns adequate for our audit have not been received from branches not visited by us, or • the parent company financial statements are not in agreement with the accounting records and returns. <p>We have nothing to report in respect of these matters.</p>
Directors' remuneration	<p>Under the Companies Act 2006 we are also required to report if in our opinion certain directors' remuneration disclosures have not been made. We have nothing to report arising from this matter.</p>
Our duty to read other information in the Annual Report	<p>Under International Standards on Auditing (UK and Ireland) we are required to report to you if, in our opinion, information in the annual report is:</p> <ul style="list-style-type: none"> • materially inconsistent with the information in the audited financial statements, or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit, or • otherwise misleading. <p>In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.</p>
Other matter	<p>Although not required to do so, the directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code. We have reviewed the part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.</p>

Respective responsibilities of directors and auditor

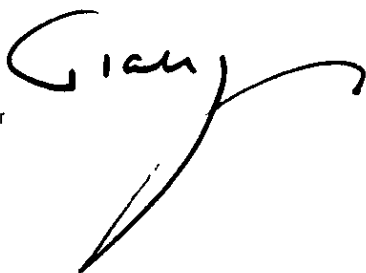
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and/or those further matters we have expressly agreed to report on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work for this report or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Mark Rhys
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
4 March 2016



Consolidated statement of comprehensive income

for the period from incorporation (8 July 2014) to 31 December 2015

	Note	Before fair value adjustments, amortisation of acquired intangibles and exceptional items £ 000	Fair value adjustments, amortisation of acquired intangibles and exceptional items £ 000	Total £ 000
Revenue	3	14,657	(5,456)	9,201
Cost of sales		(3 858)	—	(3 858)
Administrative expenses		(11,340)	(4,030)	(15,370)
Operating loss	4	(541)	(9,486)	(10,027)
Exceptional items	6	—	(6 135)	(6 135)
Loss on ordinary activities before interest and tax		(541)	(15,621)	(16,162)
Net finance income	9	70	—	70
Loss on ordinary activities before tax		(471)	(15,621)	(16,092)
Tax on loss on ordinary activities	11	1,271	1,751	3 022
Profit/(loss) for the period		800	(13,870)	(13,070)
Total comprehensive profit/(loss) for the period		800	(13,870)	(13,070)

Loss attributable to	
– Owners of the parent	(13 070)
– Non controlling interests	—

Earnings (loss) per share

	Note	Period from incorporation to 31 December 2015 Pence
Basic and diluted	10	(21 25)

There are no recognised gains or losses other than disclosed above and there have been no discontinued activities in the period

Consolidated statement of financial position

as at 31 December 2015

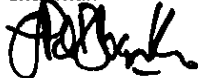
	Note	31 December 2015 £ 000
ASSETS		
Non-current assets		
Goodwill	12	40,176
Intangible assets	13	14,119
Property, plant and equipment	14	1,718
		56,013
Current assets		
Inventories	16	3
Amounts receivable from customers	17	28,412
Trade and other receivables	17	10,275
Cash and cash equivalents	18	7,320
		46,010
Total assets		102,023
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	19	13,803
Deferred tax liability	20	3,057
Total liabilities		16,860
Equity attributable to owners of the parent		
Share capital	21	5,264
Share premium	22	92,714
Retained loss		(13,070)
		84,908
Non-controlling interests		255
Total equity		85,163
Total equity and liabilities		102,023

These financial statements were approved by the Board of Directors on 4 March 2016

Signed on behalf of the Board of Directors

John van Kuffeler
Chairman

Nick Teunon
Chief Financial Officer




COMPANY NUMBER. 09122252

Consolidated statement of changes in equity

for the period ended 31 December 2015

	Share capital £ 000	Share premium £ 000	Retained loss £ 000	Non-controlling interest £ 000	Total £ 000
At Incorporation	—	—	—	—	—
Total comprehensive loss for the period	—	—	(13,070)	—	(13 070)
Transactions with owners, recorded directly in equity					
Issue of shares	5,264	92,714	—	255	98 233
At 31 December 2015	5,264	92,714	(13,070)	255	85,163

Consolidated statement of cash flows

for the period ended 31 December 2015

	Note	Period from incorporation to 31 December 2015 £ 000
Net cash used in operating activities	24	(9,532)
Cash flows from investing activities		
Purchase of property, plant and equipment		(341)
Acquisition of subsidiary	23	(81 111)
Net cash used in investing activities		(81,452)
Cash flows from financing activities		
Net finance income		70
Proceeds from issue of share capital		98 234
Net cash from financing activities		98,304
Net increase in cash and cash equivalents		7,320
Cash and cash equivalents at beginning of period		—
Cash and cash equivalents at end of period	18	7,320

Company statement of financial position

as at 31 December 2015

	Note	31 December 2015 £ 000
ASSETS		
Non-current assets		
Property, plant and equipment	14	55
		55
Current assets		
Trade and other receivables	17	96,710
Cash and cash equivalents	18	4,965
		101,675
Total assets		101,730
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	19	11,121
Total liabilities		11,121
Equity attributable to the owners		
Share capital	21	5,264
Share premium	22	92,714
Retained loss		(7,369)
Total equity		90,609
Total equity and liabilities		101,730

These financial statements were approved by the Board of Directors on 4 March 2016

Signed on behalf of the Board of Directors

John van Kuffeler
Chairman

Nick Teunon
Chief Financial Officer

Company number – 09122252




Company statement of changes in equity

for the period ended 31 December 2015

	Share capital £ 000	Share premium £ 000	Retained loss £ 000	Total £ 000
At incorporation	–	–	–	–
Total comprehensive loss for the period	–	–	(7,369)	(7,369)
Transactions with owners recorded directly in equity				
Issue of shares	5,264	92,714	–	97,978
At 31 December 2015	5,264	92,714	(7,369)	90,609

In accordance with the exemption allowed by section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income. The retained loss for the financial period reported in the financial statements for the Company was £7,369,000.

Company statement of cash flows

for the period ended 31 December 2015

	Note	Period from incorporation to 31 December 2015 £ 000
Net cash used in operating activities	24	(93,805)
Cash flows from investing activities		
Purchase of property, plant and equipment		(64)
Net cash used in investing activities		(64)
Cash flows from financing activities		
Net finance income		856
Proceeds from issue of share capital		97,978
Net cash from financing activities		98,834
Net increase in cash and cash equivalents		4,965
Cash and cash equivalents at beginning of period		–
Cash and cash equivalents at end of period	18	4,965

Notes to the financial statements

for the period ended 31 December 2015

General information

Non Standard Finance plc is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office is 5th Floor, 6 St Andrew Street, London EC4A 3AE.

1 Accounting policies

Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with IFRS as adopted by the European Union and, as regards the parent company financial statements, applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 December. Control is achieved where the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration the existence and effect of potential voting rights that currently are exercisable or convertible.

The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions and balances and any unrealised gains and losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from publishing its individual statement of comprehensive income and related notes.

Going concern

In adopting the going concern assumption in preparing the financial statements, the Directors have considered the activities of its principal subsidiaries, as set out in the Strategic Report, as well as the Group's principal risks and uncertainties as set out in the Corporate Governance Report. The Board of Directors has considered the Group's latest financial projection from the most recent budget, including:

- Funding levels and headroom against committed borrowing facilities
- Cash flow and liquidity requirements

Based on these forecasts and projections, the Board is satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason, the Group has adopted the going concern basis in preparing the financial statements.

Changes in accounting policies and disclosures

New and amended Standards and Interpretations issued but not effective for the financial period ending 31 December 2015

At the date of authorisation of these financial statements, the following new and amended Standards and Interpretations are in issue but not yet mandatorily effective and are expected to have a material effect on the financial statements of the Group when they are adopted:

IFRS 9 Financial Instruments

The Group are currently assessing the impact of IFRS 9 on the loan book. It is expected that it will increase the level of provisioning and the Board are currently assessing the level of the impact.

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

IFRS 15	Revenue from Contracts with Customers
IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 11	Acquisition of an Interest in a Joint Operation
IAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 19	Defined Benefit Plans: Employee Contributions
IAS 27	Separate Financial Statements
Annual Improvements to IFRS	2010-2012 Cycle
Annual Improvements to IFRS	2011-2013 Cycle
Annual Improvements to IFRS	2012-2014 Cycle

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

Notes to the financial statements continued

for the year period 31 December 2015

1 Accounting policies continued

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date which is the date on which control is transferred to the Group

Goodwill is an intangible asset and is measured as the excess of the fair value of the consideration over the fair value of the acquired identifiable assets, liabilities and contingent liabilities at the date of acquisition

Goodwill is allocated to cash-generating units ('CGUs') for the purposes of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment is tested by comparing the carrying value of the asset to the discounted expected future cash flows from the relevant CGU. Expected future cash flows are derived from the Group's latest budget projections and the discount rate based on the Group's Weighted Average Cost of Capital ('WACC') at the balance sheet date

Revenue recognition

Credit charges are recognised in the statement of comprehensive income for all loans and receivables measured at amortised cost using the effective interest rate method ('EIR'). The EIR is calculated using estimated cash flows, being contractual payments adjusted for the impact of customers repaying early but excluding the anticipated impact of customers paying late or not at all. Under IAS 39 credit charges on loan products continue to accrue at the EIR on all impaired capital balances throughout the life of the agreement irrespective of the terms of the loan and whether the customer is actually being charged arrears interest. This is referred to as the gross up adjustment to revenue and is offset by a corresponding gross up adjustment to the loan loss provisioning charge to reflect the fact that this additional revenue is not collectable

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 Operating Segments. The chief operating decision-maker responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment profit represents the profit earned by each segment without allocation of investment income, interest payable and tax. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance

When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of cash and cash equivalents available for sale financial assets and current and deferred tax assets and liabilities

Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax

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

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

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

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

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

Intangible assets

Intangible assets include acquisition intangibles in respect of the customer list and agent relationship at Loansathome4u and the Loansathome4u brand.

The fair value of the customer list on acquisition has been estimated by calculating the Net Present Value ('NPV') of the discounted cash flows from each new re-loan provided to this discrete set of known customers. The Board of Directors will re-calculate the NPV at each future accounting date using the same assumptions, limited to the original known customer list.

The fair value of Loansathome4u's agent relationship on acquisition has been estimated by valuing the cost to set up a similar network of trained agents.

The fair value of the brand on acquisition has been estimated by assessing the likely commercial level of royalties that would be payable to a third party were the brand licenced rather than owned, calculated as a percentage of forecast revenues and discounted to the date of the transaction. The Board of Directors will re-value the brand using the same methodology at each future accounting date.

Amortisation is charged to the statement of comprehensive income, unless otherwise agreed, over their estimated useful lives as follows:

Customer list	7 years
Agent network	20% reducing balance
Loansathome4u brand	1½ years

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

Property, plant and equipment

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

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

Freehold buildings	2% straight line
Computers	20% straight line
Fixtures and fittings	10% straight line of 20% reducing balance
Motor vehicles	25% reducing balance
Freehold land	is not depreciated

Leases

Rental costs under operating leases are charged to the statement of comprehensive income on a straight line basis.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Share based payments

The cost of share based employee compensation arrangements whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the statement of comprehensive income. The expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value at the date of grant. The total expense of the grant is adjusted subsequently to reflect the expected quantity of shares or share options achieving the vesting period.

Equity instruments

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

Notes to the financial statements continued

for the year period 31 December 2015

1 Accounting policies continued

Financial instruments

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

Financial assets

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the EIR method

Amounts receivable from customers

Customer receivables, originated by the Group, are initially recognised at the amount loaned to the customer plus directly attributable costs. Subsequently, receivables are increased by revenue and reduced by cash collections and any deduction for impairment. The Directors assess on an ongoing basis whether there is objective evidence that customer receivables are impaired at each balance sheet date. Objective evidence of impairment is based on the payment performance of loans in the previous 13 weeks as this is considered to be the most appropriate indicator of credit quality. Loans are deemed to be impaired when the cumulative amount of between two and four contractual weekly payments (depending on length of relationship with the customer) have been missed in the previous 13 week period. An impairment loss is calculated by reference to arrears stages and is measured as the difference between the carrying value of the loans and the present value of estimated future cash flows discounted at the original EIR. The assumptions for estimating future cash flows are based upon observed historical data and updated as management considers appropriate to reflect current and future conditions. All assumptions are reviewed regularly to take account of differences between previously estimated cash flows on impaired debt and the eventual losses.

Cash and cash equivalents comprise cash at bank

Financial liabilities and equity

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

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

EIR method

The EIR method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Determination of CGUs

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The Board of Directors consider the acquired subsidiary Loansathome4u as one unit and Non-Standard Finance plc, central costs as one unit.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The Value in Use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and apply a suitable discount rate in order to calculate the present value.

The assessment of impairment of goodwill reflects a number of key estimates, which have a material effect on the carrying value of the asset. These include:

- Cash flow forecasts which have been extracted from the budget, which involves inherent uncertainty particularly in respect of gross loan values, collections performance and the cost base of the business
- Estimates made on the disposal costs of the business
- The WACC applied to determine the net present value ('NPV') of future cash flows

The nature and inherent uncertainty relating to the above judgements and estimates means that the forecast cash flows may be materially different from actual cash flows. A material future reduction in forecast surplus cash flows would necessitate a full impairment review and the possibility of a material impairment charge in future years.

The Group has produced a three year forecast to 31 December 2018 and applied three valuation approaches to establish the recoverable amount of the CGU. These were:

1. A price/total net asset value (TNAV) multiple based on the return on TNAV of the business, with the multiple calculated by using a regression analysis for comparable speciality finance company valuations over the last two years
2. A price/earnings multiple based on the assumed earnings growth of the business in the following two years, with the multiple calculated by using a regression analysis for comparable speciality finance company valuations over the last two years
3. A ten year average price/earnings multiple for comparable speciality finance companies

Under the IAS 36 Framework both the value in use and fair value less costs of disposal methods can be used to assess whether impairment is required, but if the first approach used does not imply impairment it is not necessary to apply the second approach. The lowest of the three valuations was used by the Group to compare with the CGU's carrying value. This has not resulted in any impairment of the carrying value at 31 December 2015 as the CGU's recoverable amount exceeds its carrying value. Further disclosure is provided in note 12.

Amounts receivable from customers

The Group reviews its portfolio of loans and receivables for impairment at each balance sheet date. For the purposes of assessing the impairment of customer loans and receivables, customers are categorised into arrears stages as this is considered to be the most reliable indication of payment performance. The Group makes judgements to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cash flows.

Once a loan is deemed to be impaired, judgement is required to determine the quantum and timing of cash flows that will be recovered, which are discounted to present value based on the EIR of the loan. Customer accounts in Loansathome4u are deemed to be impaired when between two and four contractual weekly payments (depending on length of relationship with the customer) have been missed in the previous 13 weeks. In the weekly home credit business, receivables are deemed to be impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 13 weeks, since only at this point do the expected future cash flows from loans deteriorate significantly.

Fair value of acquired loan book

The fair value of the acquired loan portfolio on acquisition has been estimated by discounting expected future cash flows at a rate of 20%. The WACC used by the Group is 15%, with an additional market risk premium being added for the specific loan assets. The difference between fair value and carrying value of the loan portfolio on acquisition will be unwound to revenue in the statement of comprehensive income on an EIR basis over the expected life of the acquired loans. The Board of Directors will re-value, using the same assumptions, the remaining cash flows from the loans that were in place at the time of acquisition, at each future accounting date.

Notes to the financial statements continued

for the year period 31 December 2015

2 Critical accounting judgements and key sources of estimation uncertainty continued

Intangible assets – customer list

Loansathome4u's customer list has been allocated a fair value on acquisition as the existing customer base is an important influence on the future prospects of the business

The customer list has been valued by calculating the NPV of the discounted cash flows from each new loan sold to this discrete set of known customers. The methodology is in line with the Group's existing valuation model used for budgeting purposes.

The calculation of the customer list reflects a number of key estimates, which have a material effect on the carrying value of the asset. These include:

- Cash flow forecasts which have been extracted from the budget produced by Loansathome4u, which involve inherent uncertainty, particularly in respect of gross loan values, collections performance and the cost base of the business
- Estimates made on the propensity to re-loan to the customer base
- The WACC applied to determine the NPV of each new re-loan

The nature and inherent uncertainty relating to the above judgements and estimates means that the forecast cash flows may be materially different from actual cash flows. A material future reduction in forecast surplus cash flows would necessitate a full impairment review and the possibility of a material impairment charge in future years.

Fair value of share arrangements

The Founders have committed £255,000 of capital in NSF Subsidiary Limited in the form of 100 Founder Shares. The Founder Shares grant each holder the option, subject to the satisfaction of both the significant acquisition condition and the performance condition (which can be satisfied under certain circumstances if a Founder is removed from the Board) to require Non-Standard Finance plc to purchase some or all of their Founder Shares. Further detail can be found in note 28.

The fair value of the share arrangements was calculated by a third party as £255,000. The amount paid for the shares was also £255,000 and therefore a charge of nil has been recognised in the statement of comprehensive income.

3 Revenue

Revenue is recognised by applying the EIR to the carrying value of a loan. The EIR is calculated at inception and represents the rate which exactly discounts the future contractual cash receipts from a loan to the amount of cash advanced under the loan, plus directly attributable issue costs. In addition, the EIR takes account of customers repaying early.

	Period from incorporation to 31 December 2015 £ 000
Interest income	14,657
Fair value unwind on acquired loan portfolio	(5,456)
Total revenue	9,201

4 Operating loss for the period is stated after charging/(crediting)

	Period from incorporation to 31 December 2015 £ 000
Depreciation of property, plant and equipment	198
Amortisation of intangible assets	4,030
Staff costs (note 8)	5,076
Rentals under operating leases	136
Loss on sale of property, plant and equipment	51
Rentals received under operating leases	(53)

5 Auditors' remuneration

Period from
incorporation to
31 December 2015
£ 000

Audit services	
Fees payable to the Company's auditor for the audit of the Group annual financial statements	100
Fees payable to the Company's auditor and their associates for other services to the Group	110
Other services pursuant to legislation	25
	235
Other services	
Other services relating to taxation	27
Services relating to corporate finance transactions	1,705
Other services	26
	1,758

Details of the Group's policy on the use of the auditor for non-audit services are set out in the Audit Committee Report on page 30

6 Segment information

Management has determined the operating segments by considering the segment information that is reported internally to the chief operating decision maker, the Board of Directors. For management purposes, the Group is currently organised into two operating divisions: Central and Loansathome4u. These divisions are the operating segments for which the Group reports its segment information internally to the Board of Directors. The Group's operations are all located in the United Kingdom and all revenue is attributable to customers in the United Kingdom.

	Central £ 000	Loansathome4u £ 000	Total £ 000
Period ended 31 December 2015			
Interest income	–	14,657	14,657
Fair value unwind on acquired loan portfolio	–	(5,456)	(5,456)
Total revenue	–	9,201	9,201
Operating loss before amortisation	(2,684)	(3,313)	(5,997)
Amortisation of intangible assets	(4,030)	–	(4,030)
Operating loss before exceptional items	(6,714)	(3,313)	(10,027)
Transaction costs	(5,542)	–	(5,542)
Redundancy costs	–	(593)	(593)
Finance costs	(3)	–	(3)
Finance income	73	–	73
Loss before taxation	(12,186)	(3,906)	(16,092)
Taxation	1,751	1,271	3,022
Loss for the period	(10,435)	(2,635)	(13,070)
Total assets	67,531	34,492	102,023
Total liabilities	(13,125)	(3,735)	(16,860)
Net assets	54,406	30,757	85,163
Capital expenditure	64	295	359
Depreciation of plant, property and equipment	9	189	198
Amortisation of intangible assets	4,030	–	4,030

All inter-segment transactions are transacted on an arm's length basis. The results of each segment have been prepared using accounting policies consistent with those of the Group as a whole.

Included within the operating loss for Loansathome4u is the fair value adjustment to revenue of £5,456,000 (see note 3), resulting in an adjusted operating profit of £2,143,000.

Notes to the financial statements continued

for the year period 31 December 2015

7 Directors' remuneration

	Period from incorporation to 31 December 2015 £ 000
Short-term employee benefits	1,152
Post employment benefits	46

Short-term employee benefits comprise salary/fees, bonus and benefits earned in the year. Post-employment benefits represent contributions by the Group in respect of money purchase pension schemes.

8 Employee information

a) The average monthly number of persons employed by the Group was as follows

Average number of employees (including Directors)	Period from incorporation to 31 December 2015 Number
Staff	303

Averages are calculated by adding the average of Non Standard Finance plc's employees since incorporation to the average number of employees of the acquired subsidiaries since acquisition date.

b) Employment costs

	Period from incorporation to 31 December 2015 £ 000
Wages and salaries	4,530
Social security costs	456
Pension costs	90
	5,076

9 Finance costs and finance income

	Period from incorporation to 31 December 2015
Bank charges and interest payable	(3)
Bank interest receivable	73
Net finance income	70

10 Earnings (loss) per share

	Period from incorporation to 31 December 2015
Retained loss attributable to Ordinary Shareholders (£ 000)	(13,070)
Weighted average number of Ordinary Shares at 31 December	61,502,789
Basic and diluted loss per share (pence)	(21.25p)

The loss per share was calculated on the basis of net loss attributable to Ordinary Shareholders divided by the weighted average number of Ordinary Shares. The basic and diluted loss per share is the same, as the exercise of share options would reduce the loss per share and therefore, is anti-dilutive.

	Period from incorporation to 31 December 2015 £ 000
Weighted average number of potential Ordinary Shares that are not currently dilutive (note 21)	5,539

11 Taxation

Period from
incorporation to
31 December 2015
£ 000

Current tax credit	
In respect of the current year	(1 251)
Total current tax credit	(1 251)
Deferred tax – current year	(1,771)
Total tax credit	(3,022)

Tax has been calculated using an annual effective tax rate of 20% on profit before tax

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

Period from
incorporation to
31 December 2015
£ 000

Loss before taxation	(16 092)
Tax on loss on ordinary activities at standard rate of UK corporation tax of 20%	(3 218)
Effects of	
Expenses not allowable for taxation	1 214
Changes in unrecognised deferred tax	441
Capital allowances in excess of depreciation	1
Changes in tax rate	(53)
Timing difference	(21)
Tax adjustments arising on date of acquisition	(1 386)
Total tax credit	(3,022)

12 Goodwill

As at
31 December 2015
£ 000

Cost and net book amount	
At incorporation	–
Acquisition of subsidiary	40,176
At 31 December 2015	40,176

The subsidiary acquired is the CGU Loansathome4u see note 23 for detail on the acquisition

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired

The recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a three-year period to 31 December 2018, disposal costs have been estimated at 2% and a discount rate (WACC) of 15% used. The Directors have estimated the discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the market.

At 31 December 2015 the recoverable amount of the goodwill was in excess of its carrying amount by £51.2 million when applying the lowest valuation as specified in the accounting policies.

None of the goodwill is expected to be tax deductible.

Notes to the financial statements continued

for the year period 31 December 2015

13 Intangible assets – Group

	Customer list £ 000	Agent network £ 000	Brand £ 000	Total £ 000
Cost				
At incorporation	–	–	–	–
Additions through acquisition	17,312	540	297	18,149
At 31 December 2015	17,312	540	297	18,149
Amortisation				
At incorporation	–	–	–	–
Charge for the period	3,869	99	62	4,030
At 31 December 2015	3,869	99	62	4,030
Net book value				
At 31 December 2015	13,443	441	235	14,119
At incorporation	–	–	–	–

14 Property, plant and equipment – Group

	Freehold land and buildings £ 000	Fixtures and fittings £ 000	Motor vehicles £ 000	Total £ 000
Cost				
At incorporation	–	–	–	–
Additions	–	54	305	359
Additions through acquisition	194	394	1,038	1,626
Disposals	–	(39)	(30)	(69)
At 31 December 2015	194	409	1,313	1,916
Depreciation				
At incorporation	–	–	–	–
Charge for the period	2	51	145	198
At 31 December 2015	2	51	145	198
Net book value				
At 31 December 2015	192	358	1,168	1,718
At incorporation	–	–	–	–

Property, plant and equipment – Company

	Fixtures and fittings £ 000	Motor vehicles £ 000	Total £ 000
Cost			
At Incorporation	–	–	–
Additions	9	55	64
At 31 December 2015	9	55	64
Depreciation			
At Incorporation	–	–	–
Charge for the period	–	9	9
At 31 December 2015	–	9	9
Net book value			
At 31 December 2015	9	46	55
At incorporation	–	–	–

15 Investment in subsidiaries

Details of the Group's subsidiaries, which are all included in the consolidated financial statements of the Group, are as follows

Name of company	Principal place of business and country of incorporation	Nature of business	% voting rights and shares held
SD Taylor Limited (trading as Loansathome4u)	United Kingdom	Provision of consumer credit	100% of Ordinary Shares
Non Standard Finance Subsidiary Limited	United Kingdom	Dormant	100% of Ordinary Shares
Non Standard Finance Subsidiary II Limited	United Kingdom	Holding company	100% of Ordinary Shares
Non Standard Finance Subsidiary III Limited	United Kingdom	Holding company	100% of Ordinary Shares

16 Inventories – Group

	£ 000
Finished goods	3
	3

17 Amounts receivable from customers – Group

	£ 000
Credit receivables	30,335
Loan loss provision	(1,923)
Amounts receivable from customers	28,412

The movement on the loan loss provision for the period relates to the provision at Loansathome4u since the date of acquisition. The amounts receivable from customers were recognised at fair value (net loan book value) at the date of acquisition see note 23 for detail

Notes to the financial statements continued

for the year period 31 December 2015

17 Amounts receivable from customers – Group continued

Analysis of overdue receivables from customers

	£ 000
Not past due or impaired	13,538
Past due but not impaired	7819
Impaired	7,055
	28 412
Past due not impaired	
One week overdue	4,571
Two weeks overdue	1,696
Three weeks or more overdue	1,552
	7 819

Analysis on movement on loan loss provision

	£ 000
At incorporation	–
Charge for the year	3,896
Unwind of discount	(1 973)
At 31 December 2015	1,923

The EIR used during the period to 31 December 2015 was 328%

Interest income on impaired loans was £1,901,000 for the period since acquisition of Loansathome4u to 31 December 2015

Trade and other receivables – Group

	£ 000
Other debtors	8 176
Corporation tax	1,600
Prepayments	499
	10,275

Trade and other receivables – Company

	£ 000
Other debtors	8,176
Amounts due from intra-Group	88,493
Prepayments	41
	96,710

Included within other debtors is £8,162 000 of listing and debt expenses relating to the acquisition of Everyday Loans. Following the equity raise in January 2016, the listing expenses have been expensed to the share premium account (see note 27) and the debt raising expenses will be recognised when the debt is drawn down, which will be upon completion of the acquisition of Everyday Loans in 2016

There are no amounts included in trade and other receivables which are past due but not impaired

18 Cash and cash equivalents – Group

	£ 000
Cash at bank and in hand	7,320

Cash and cash equivalents – Company

	£ 000
Cash at bank and in hand	4,965

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

19 Trade and other payables – Group

	£ 000
Trade creditors	4,180
Other creditors	7,407
Accruals and deferred income	2,216
	13,803

Trade and other payables – Company

	£ 000
Trade creditors	3,875
Other creditors	6,238
Amounts due to intra Group	255
Accruals and deferred income	753
	11,121

Included within other creditors is £6194,000 of listing and debt raising expenses relating to the acquisition of Everyday Loans. Listing expenses were paid in January 2016 when the equity was raised and debt raising expenses will be paid upon completion of the acquisition of Everyday Loans, when the debt is drawn in 2016.

The carrying value of trade and other payables is not materially different to the fair value.

20 Deferred tax

	£ 000
At incorporation	–
Recognition of intangible assets at acquisition	(4,828)
Current year credit	1,771
At 31 December 2015	(3,057)

The deferred tax liability was recognised on the intangible assets upon acquisition of Loansathome4u. The intangible assets will be amortised in future periods for which tax deductions will not be available.

The deferred tax liability is attributable to temporary timing differences arising in respect of

	£ 000
Accelerated tax depreciation	(115)
Recognition of intangible assets	(2,909)
Other short term timing differences	(10)
Property revaluation	(23)
Net deferred tax liability	(3,057)

For the period ended 31 December 2015 the Company has unused tax losses of £1,822,000 available for offset against future profits. However, due to the uncertainty over the likelihood of future profits at the Company level, the deferred asset has not been recognised on the Company or Consolidated statement of financial position.

Notes to the financial statements continued

for the year period 31 December 2015

21 Share capital and share premium

On incorporation, 8 July 2014 the issued share capital of the Company was £1 consisting of one Ordinary Share, fully paid up

On 5 November 2014 the Ordinary Share of £1 was subdivided into 20 Ordinary Shares of £0.05 each

On 2 December 2014 the share capital was increased by the issuance of 999,980 Ordinary Shares of £0.05 each at par to John van Kuffeler in settlement of a liability of £49,999

On 4 February 2015 the share capital was further increased by the issuance of 1,960,527 Ordinary Shares of £0.05 each at a premium of £0.33 each to John van Kuffeler, Nick Teunon, Miles Cresswell Turner, Robin Ashton and Charles Gregson

On 19 February 2015, the share capital was further increased by the flotation of the Company and issuance of 102,323,918 Ordinary Shares of £0.05 each at a premium of £0.95 each

The Company's share capital is denominated in Sterling. The Ordinary Shares rank in full for all dividends or other distributions made or paid on the Ordinary Share capital of the Company

Share movements

	Number
Balance at date of incorporation	–
Shares issued during the period	105,284,445
Balance at 31 December 2015	105,284,445

22 Reserves

Details of the movements in reserves are set out in the statement of changes in equity. A description of each reserve is set out below

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium. Transaction costs of £5,140,000 directly relating to raising finance have been deducted from share premium.

	Total £ 000
Balance at date of incorporation	–
Premium arising on issue of Ordinary Shares	97,854
Issue costs	(5,140)
Balance at 31 December 2015	92,714

23 Acquisition of subsidiary

On 4 August 2015 the Group obtained control of SD Taylor Limited, trading as Loansathome4u through the purchase of 100% of the share capital

A detailed conversion of Loansathome4u's financial statements to align accounting policies has been completed post-acquisition which reduced Loansathome4u's net assets on acquisition by £5,956,000, principally in respect of higher impairment provisions due to the impact of a more conservative approach to recognising impairment

The provisional fair values of the identifiable assets and liabilities of Loansathome4u as at the acquisition date were as follows

	Amounts recognised at acquisition date £ 000	Fair value adjustments £ 000	Total £ 000
Intangible assets ¹	–	18,149	18,149
Property and equipment	1,627	–	1,627
Inventories	9	–	9
Amounts receivable from customers ²	22,591	5,882	28,473
Trade receivables	277	–	277
Cash and cash equivalents	1,296	–	1,296
Trade and other payables ³	(2,040)	(732)	(2,772)
Deferred tax liabilities ⁴	(22)	(4,806)	(4,828)
	23,738	18,493	42,231
Goodwill			40,176
Total consideration			82,407
Satisfied by			
Cash			82,407
Net cash outflow arising on acquisition			
Cash consideration			82,407
Cash and cash equivalents acquired			(1,296)
			81,111

1 £17,312,000 has been attributed to the fair value of Loansathome4u's customer list £540,000 to the agent network and £297,000 to the brand. See to intangible assets note 13

2 An adjustment to receivables of £5,882,000 has been made to reflect the fair value of the receivables book at the acquisition date

3 An adjustment of £732,000 to accruals for a recognised dilapidations provision on the properties owned by Loansathome4u

4 Deferred tax liability £4,806,000 recognised on the intangibles and the fair value adjustment of the receivable book at acquisition

Transaction costs of £3,417,000 relating to the acquisition of Loansathome4u have been recognised as an expense and included within exceptional costs (attributable to the Central division) in the statement of comprehensive income. The remainder of the acquisition costs within exceptional costs relate to the 2016 acquisition of Everyday Loans

Loansathome4u contributed £14,657,000 to the Group's revenue and £2,143,000 profit to the Group's adjusted operating loss (statutory loss £3,906,000) for the period from the date of acquisition to the period end date

The fair value measurement of acquired assets is based upon financial forecasts, which are categorised as level 3 within the IFRS 13 fair value hierarchy

Notes to the financial statements continued

for the year period 31 December 2015

24 Net cash used in operating activities – Group

	Period from incorporation to 31 December 2015 £ 000
Operating loss	(16,162)
Taxation paid	(350)
Depreciation	198
Amortisation of intangible assets	4,030
Fair value unwind on acquired loan book	5,456
Loss on disposal of property, plant and equipment	51
Decrease in inventories	6
Increase in amounts receivable from customers	(5,394)
Increase in receivables	(15,217)
Increase in payables	17,850
Cash used in operating activities	(9,532)

Net cash used in operating activities – Company

	Period from incorporation to 31 December 2015 £ 000
Operating loss	(8,225)
Depreciation	9
Increase in receivables	(96,710)
Increase in payables	11,121
Cash used in operating activities	(93,805)

25 Operating lease commitments – Group

At 31 December 2015 the outstanding commitments under non-cancellable operating leases which fall due are as follows

	Period from incorporation to 31 December 2015 £ 000
Within one year	25
In the second to fifth years inclusive	517
After five years	–
	542

26 Related party transactions

On 2 December 2014, the share capital was increased by the issuance of 999,980 Ordinary Shares of £0.05 each at par to John van Kuffeler in settlement of an 'other payables' liability of £49,999.

27 Subsequent events

Acquisition of Everyday Loans

The Group expects to complete the acquisition of Everyday Loans from Secure Trust Bank PLC for consideration of £235 million by the end of April 2016, subject to FCA change of control approval.

The Company will fund the purchase of Everyday Loans from the December 2015 placing and open offer which raised £160 million through the issue of 188,235,825 new Ordinary Shares at 85 pence per share in January 2016 together with the issue of 23,529,412 new Ordinary Shares at 85 pence per share to Secure Trust Bank PLC at completion and an approximately £65 million draw down from the debt facility of £85 million entered into in December 2015.

28 Share based payments

Equity settled share option scheme

The Founders have committed £255,000 of capital in NSF Subsidiary Limited in the form of 100 Founder Shares. The Founder Shares grant each holder the option, subject to the satisfaction of both the significant acquisition condition and the performance condition (which can be satisfied under certain circumstances, if a Founder is removed from the Board), to require the Company to purchase some or all of their Founder Shares.

The conditions which must be met in order for the participants to receive any future pay-out can be summarised as follows:

- The Company must achieve an admission to the London Stock Exchange
- The Company must make an acquisition of at least £50 million within two years of the admission date
- The Ordinary Shares must achieve an internal rate of return of 8.5% per annum from the market capitalisation at the admission date
- The Company's market capitalisation must increase by 25% from the market capitalisation at the admission date

The last two conditions must both be met for a period of 20 out of 30 consecutive days during the same 30 day period within five years of an acquisition.

The purchase price for the exercise of this option may be paid by the Company in Ordinary Shares or as a cash equivalent at the Company's option. The number of Ordinary Shares required to settle all such options is the number of shares that would have represented 5% of the Ordinary Shares of the Company on (or immediately after) listing if such Ordinary Shares had been issued at the time of listing. The equivalent cash value is calculated on exercise of the option as the estimated total price of the Ordinary Shares that would have been issued if the option has been settled in Ordinary Shares rather than cash, based on the mean of the closing middle market quotations for an Ordinary Share on the London Stock Exchange over the 30 business days prior to the exercise of the option.

The fair value of the share options was assessed to be £255,000 and therefore the Company recognised total expenses of £nil relating to this share option scheme in the period ended 31 December 2015.

40,750 shares were issued to two Directors on 19 February 2015 in lieu of cash for their first year's Director fees. An expense of £40,750 was recognised in the period, reflecting the fair value of the services provided.

29 Contingent liabilities

Non-Standard Finance plc has fees which are contingent on the drawn down of the debt raised for the purchase of the Everyday Loans group, see note 27. These fees total up to £1,440,000 including VAT.

30 Financial Instruments – Group

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

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

The average EIR on financial assets of the Group at 31 December 2015 was estimated to be 328%.

The average EIR on financial liabilities of the Group at 31 December 2015 was estimated to be 4%.

Credit risk

The Group's credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 17. It should be noted that the credit risk at the individual customer level is managed by strict adherence to credit control rules which are regularly reviewed. No individual customer contributed more than 10% of the revenue for the Group. Group trade and other receivables and cash are not considered to have a material credit risk as all material balances are due from highly rated banking counterparties.

Capital risk management

The Board of Directors assess the capital needs of the Group on an ongoing basis and approve all capital transactions. The Group's objective in respect of capital risk management is to maintain a conservative gearing ratio level with respect to market conditions whilst taking account of business growth opportunities in a capital efficient manner.

Interest rate risk

Interest rate risk is the risk that a change in external interest rates leads to an increase in the Group's cost of borrowing. A 2% movement in the interest rate applied to cash balances during 2015 would not have had a material impact on the Group's result for the year.

Notes to the financial statements continued

for the year period 31 December 2015

30 Financial Instruments – Group continued

Liquidity risk

This is the risk that the Group has insufficient resources to fulfil its operations

The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The Group's liquidity risk is shown in the following tables which measure the cumulative liquidity gap

	Less than 1 year £ 000	More than 1 year but not more than 2 years £ 000	More than 2 years but no more than 5 years £ 000	More than 5 years £ 000	Non interest bearing £ 000	Total £ 000
At 31 December 2015						
Financial assets	28,412	–	–	–	–	28,412
Other assets	–	–	–	–	66,291	66,291
Cash and cash equivalents	–	–	–	–	7,320	7,320
Total assets	28,412	–	–	–	73,611	102,023
Shareholders' funds	–	–	–	–	(85,163)	(85,163)
Other liabilities	(16,860)	–	–	–	–	(16,860)
Total liabilities	(16,860)	–	–	–	(85,163)	(102,023)
Cumulative gap	11,552	–	–	–	(11,552)	–

The gross contractual cash flows payable under financial liabilities are analysed as follows

	Repayable on demand £ 000	Less than 1 year £ 000	More than 1 year but no more than 2 years £ 000	More than 2 years but no more than 5 years £ 000	More than 5 years £ 000	Total £ 000
At 31 December 2015						
Trade and other payables	13,803	–	–	–	–	13,803
Deferred tax liabilities	–	3,057	–	–	–	3,057
Other liabilities	13,803	3,057	–	–	–	16,860

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