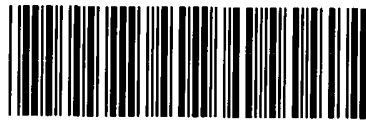


IPF INTERNATIONAL LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

(Company Number 00753518)

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**IPF INTERNATIONAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Page</b>
<b>Strategic report</b>	<b>1-2</b>
<b>Directors' report</b>	<b>3-4</b>
<b>Directors' responsibilities statement</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6-8</b>
<b>Profit and loss account</b>	<b>9</b>
<b>Statement of comprehensive income</b>	<b>9</b>
<b>Balance sheet</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12-25</b>

**IPF INTERNATIONAL LIMITED**  
**(Company Number 00753518)**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Principal activities and going concern**

The principal activity of the company is the provision of services, business know-how and financial support to fellow subsidiary undertakings based overseas.

The company participates in the group's centralised treasury arrangements and banking arrangements with its parent and fellow subsidiaries.

In considering whether the company is a going concern, the directors have made enquiries of the reviews performed by the directors of the ultimate parent company in assessing the Group's 2022 business plan and the impacts it is forecast to have on the company, its subsidiaries and the Group undertakings from which amounts are due as at 31 December 2021. The financial forecasts in the business plan have been stress tested in a range of downside scenarios to assess the impact that the Group's principal risks and uncertainties (including the medium and long-term impacts of the Covid-19 pandemic on the macro-economic environment) may have on future profitability, funding requirements and covenant compliance. In addition, the Group's debt facilities are forecast to be sufficient to fund business requirements for the foreseeable future and The Group is forecast to continue to operate with significant headroom over its key financial covenants.

As at 31 December 2021, the company has net assets of £168,410,000 (2020: £94,224,000) and net current assets of £21,822,000 (2020: net current liabilities of £56,103,000). On the basis of their assessment of the company's financial position and of the enquiries made of the directors of International Personal Finance plc, the company's directors have a reasonable expectation that the company will be able to continue in operations existence in the next 12 months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**2. Results and business review**

The Profit and loss account for the year is set out on page 9. The profit after tax for the year of £74,261,000 (2020: profit of £10,998,000) has been added to reserves. The company's result benefitted from the receipt of dividends of £76,806,000 (2020: £15,167,000) from subsidiaries, with further investments of £5,995,000 made in its subsidiaries during 2021.

**3. Principal risks and uncertainties**

The directors of International Personal Finance plc manage the Group's risks at a Group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of International Personal Finance plc, which include those of the company, are reported within the 'Principal risks and uncertainties' section of the Group's annual report, which does not form part of this report, but is publicly available. However, the company has the following risk:

- The company is subject to a risk of credit default on its intercompany debtor balances. The repayment is dependent on the performance of the counterparties which is reviewed on a regular basis. During the year these reviews have included consideration of the impact that volatility in macro-economic factors affecting the businesses, including the medium to long term impacts of the Covid-19 pandemic, has had on the ability of counterparties to repay these balances in full on their maturity. Following this review the directors remain confident that the balances due can be recovered.
- The company has significant investments in other entities. There is a risk that the value of these investments may deteriorate as a result of the performance of these entities. Performance is reviewed on a regular basis and corrective action to protect the value of these investments is taken as appropriate. During the period, this review has included consideration of the potential impact of volatility in macro-economic factors affecting the businesses including the medium to long term impacts of the Covid-19 pandemic on the future cashflows and performance of the Company's investments, resulting in £nil (2020:£nil). A shortfall in profitability compared to current expectations may result in future adjustments to investment in subsidiary balances.

**IPF INTERNATIONAL LIMITED**  
**(Company Number 00753518)**

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Key performance indicators (KPIs)**

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

**5. Future developments**

The company provides business know-how to fellow subsidiary undertakings based overseas, the general level of activity is to remain consistent in the forthcoming year.

APPROVED BY ORDER OF THE BOARD



L Dobson  
Company Secretary

LEEDS

17 June 2022

**IPF INTERNATIONAL LIMITED**  
**(Company Number 00753518)**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their annual report together with the audited financial statements of the company and the auditor's report for the year ended 31 December 2021.

**1. Dividend**

During the year no dividends were declared and paid (2020: £nil).

**2. Directors**

The directors of the company at 31 December 2021 and at the date of this report, all of whom were directors for the whole of the year then ended, unless otherwise stated, were:

A M Ackernley	(Appointed 24 November 2021)
F C Collins	(Appointed 24 November 2021)
D J Kleppen	(Appointed 24 May 2021)
J A Lockwood	(Resigned 23 July 2021)
J A Ormrod	(Resigned 24 November 2021)
G J Ryan	(Resigned 24 November 2021)

**3. Capital structure**

The company's capital structure includes a combination of ordinary called-up share capital and retained earnings.

**4. Events after the balance sheet date**

The directors confirm that there have been no events requiring recognition or disclosure after the balance sheet date.

**5. Disclosure of information to the auditor**

As far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. This statement is given and should be interpreted in accordance with the provision of section 418(2) of the Companies Act 2006.

**IPF INTERNATIONAL LIMITED**  
**(Company Number 00753518)**

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. Auditor**

The auditors Deloitte LLP are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

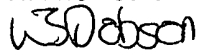
**7. Indemnity**

Our Articles permit us to indemnify our directors (or those of an associated company) in accordance with the Act. However, no qualifying indemnity provisions were in force in 2021 or at any time up to 17 June 2022.

As permitted by section 414C(11) of the Companies Act 2006, certain information is shown in the Strategic report and included in this Directors' report by cross reference. This information is:

- Principal activities of the Company
- Business review and outlook
- Results and dividends
- Principal risks and uncertainties

APPROVED BY ORDER OF THE BOARD



L. Dobson  
Company Secretary  
LEEDS  
17 June 2022

**IPF INTERNATIONAL LIMITED**  
**(Company Number 00753518)**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

APPROVED BY ORDER OF THE BOARD



L. Dobson  
Company Secretary

LEEDS

17 June 2022

## **IPF INTERNATIONAL LIMITED**

### **Independent auditor's report to the members of IPF International Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements IPF International Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

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.

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 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.

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

##### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **IPF INTERNATIONAL LIMITED**

### **Independent auditor's report to the members of IPF International Limited (continued)**

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## **IPF INTERNATIONAL LIMITED**

### **Independent auditor's report to the members of IPF International Limited (continued)**

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

##### **Use of our report**

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



Peter Birch FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
17 June 2022

**IPF INTERNATIONAL LIMITED**

**(Company Number 00753518)**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER**

	<u>Notes</u>	<u>2021</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>
REVENUE	3	29,714	29,414
GROSS PROFIT		29,714	29,414
Administrative expenses		(30,759)	(30,127)
Interest payable and similar expenses	4	(4,299)	(4,999)
Interest receivable	4	3,047	1,573
Dividend income		76,806	15,167
PROFIT BEFORE TAXATION	3	74,509	11,030
Tax charge on profit	7	(248)	(32)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDER OF THE COMPANY		74,261	10,998

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER**

	<u>Notes</u>	<u>2021</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>
PROFIT FOR THE YEAR		74,261	10,998
Items that will subsequently be reclassified to profit or loss when specific conditions are met:			
Gains / (losses) on hedging reserve	17	47	(130)
Taxation (debit) / credit on hedging reserve	17	(6)	24
Total comprehensive income for the year		74,302	10,892

The results shown in the Profit and loss account derive wholly from continuing activities.

There is no difference between the profit before taxation and the profit for the year stated above.

The notes on pages 12 to 25 form part of these financial statements.

**IPF INTERNATIONAL LIMITED**  
**(Company Number 00753518)**

**BALANCE SHEET AS AT 31 DECEMBER**

	<u>Notes</u>	<u>2021</u> £'000	<u>2020</u> £'000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	15,298	17,694
Tangible assets	9	892	1,042
Investments	10	129,936	131,024
Deferred taxation	11	462	567
		<hr/> 146,588	<hr/> 150,327
<b>CURRENT ASSETS</b>			
Debtors	12	128,927	61,315
Cash		-	5
		<hr/> 128,927	<hr/> 61,320
<b>TOTAL CURRENT ASSETS</b>			
		<hr/> 128,927	<hr/> 61,320
<b>CREDITORS: amounts falling due within one year</b>	13	(107,105)	(117,423)
		<hr/> 21,822	<hr/> (56,103)
<b>NET CURRENT ASSETS / LIABILITIES</b>			
		<hr/> 21,822	<hr/> (56,103)
<b>NET ASSETS</b>			
		<hr/> 168,410	<hr/> 94,224
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	15	64	64
Hedging reserve	17	(36)	(77)
Share premium	16	22,759	22,759
Profit and loss account		145,623	71,478
		<hr/> 168,410	<hr/> 94,224

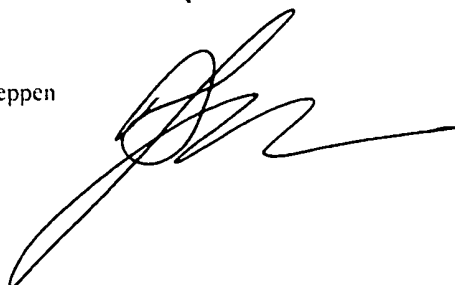
The financial statements on pages 9 to 25 were approved and authorised for issue by the board of directors on 17 June 2022 and were signed on its behalf by:

A M Ackernley



(Directors)

D J Kleppen



**IPF INTERNATIONAL LIMITED**  
**(Company Number 00753518)**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER**

	<u>Called-up share capital (Note 15) £'000</u>	<u>Share premium account (Note 16) £'000</u>	<u>Hedging reserve (Note 17) £'000</u>	<u>Profit and loss account £'000</u>	<u>Total £'000</u>
Balance at 1 January 2020	64	22,759	29	60,367	83,219
Profit for the year	-	-	-	10,998	10,998
Hedging reserve movement	-	-	(106)	-	(106)
Total comprehensive (expense)/income for the year	-	-	(106)	10,998	10,892
Share-based payments adjustments to reserves	-	-	-	113	113
Balance at 31 December 2020	64	22,759	(77)	71,478	94,224
Profit for the year	-	-	-	74,261	74,261
Hedging reserve movement	-	-	41	-	41
Total comprehensive income for the year	-	-	41	74,261	74,302
Share-based payments adjustments to reserves	-	-	-	(116)	(116)
Balance at 31 December 2021	64	22,759	(36)	145,623	168,410

**IPF INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Principal accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, unless otherwise stated.

**a) Basis of accounting**

IPF International Limited "the company" is a private company limited by shares incorporated and registered in England and Wales in the United Kingdom under the Companies Act. The address of the registered office is given in note 22. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 1.

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of International Personal Finance plc. Details of the parent in whose consolidated financial statements the company is included are shown in note 22 to the financial statements.

As permitted by FRS 101, exemptions from applying the following requirements have been adopted: IFRS 2 "Share Based Payment" paragraphs 45(b) and 46-52; IFRS 7 "Financial Instruments: Disclosures"; IAS 7 "Statement of Cash Flows"; IAS 24; "Related Party Disclosures" paragraph 7; IAS 8 "Changes in Accounting Estimates and Errors" paragraphs 30-31; and IAS 36 "Impairment of Assets" paragraphs 134(d)-(f) and 135 (c) – (e).

The Group financial statements of International Personal Finance plc are available to the public and can be obtained as set out in note 22.

**b) Revenue**

Revenue represents the service fee receivable from fellow subsidiary undertakings, together with any related withholding taxes, in respect of the provision of business know-how and services and is recognised on an accruals basis.

**c) Administrative expenses**

Administrative expenses represent costs incurred in providing services and business know-how to the overseas business units of International Personal Finance plc and is recognised on an accruals basis.

**d) Taxation**

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the financial statements. Deferred taxation balances are not discounted.

Current tax is calculated based on taxable profit or loss for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Where withholding tax has been suffered on overseas income received, it has been accounted for as overseas tax. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**1. Principal accounting policies (continued)**

**e) Pension costs**

The company participates in a group defined benefit scheme which is the legal responsibility of the ultimate parent as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19, the company recognises a cost equal to its contribution payable for the period.

Contributions to a defined contribution pension scheme are charged to the profit and loss account on an accruals basis.

**f) Foreign exchange**

The functional currency of the company is considered to be pounds sterling. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent hedged. Resultant gains or losses are taken to the profit and loss account.

**g) Subsidiary undertakings**

The company undertakes an annual impairment review of investments in subsidiaries, which is performed by way of a comparison of the carrying value of the investment with the net assets of the subsidiary, or the future value in use. Where the carrying value is greater than the net assets or future value in use, a provision for impairment is made. Investments in fellow subsidiary undertakings are stated at the balance sheet date at cost less provisions for impairment in their value. To the extent that foreign equity investments are hedged by foreign currency liabilities, these investments are translated at the exchange rate ruling at the end of the financial period. The exchange differences arising on the retranslation of such investments and foreign currency borrowings are taken to profit and loss.

**h) Fixed assets**

Fixed assets are measured at cost less depreciation and accumulated impairment. Depreciation of tangible fixed assets has been calculated by reference to the expected useful lives of the assets concerned. The following are the principal annual bases:

	<u>Per cent</u>	<u>Basis</u>
Equipment, including computers	10 - 33.33%	Straight line

Assets in the course of construction are not depreciated until put into use.

Where fixed assets become obsolete, or suffer an impairment in value, provision is made in the profit and loss account where necessary.

**i) Financial instruments**

The adoption of IFRS 9 Financial Instruments has not resulted in the amendment of any of the measurement categories for, or carrying amounts of, the Group's financial instruments. The company continues to measure the hedge accounting criteria set out in IAS 39. All derivative financial instruments are assessed against the hedge accounting criteria set out in International Accounting Standard No. 39. All of the company's derivatives are cash flow hedges of highly probable forecast transactions and meet the hedge accounting requirements of International Accounting Standard No. 39. Derivatives are initially recognised at the fair value, classified at fair value through profit and loss "FVTPL" on the date a derivative contract is entered into and are subsequently remeasured at each reporting date at their fair value. Where derivatives do not qualify for hedge accounting, movements in their fair value are recognised immediately within the profit and loss account.

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**l. Principal accounting policies (continued)**

**i) Financial instruments (continued)**

For derivatives that are designated as cash flow hedges and where the hedge accounting criteria are met, the effective portion of changes in the fair value is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account as part of administrative expenses. Amounts accumulated in equity are recognised in the profit and loss account when the income or expense on the hedged item is recognised in the profit and loss account.

**j) Share-based payments**

The company's ultimate parent company, International Personal Finance plc, issues equity settled share-based payments to certain employees through The International Personal Finance plc Performance Share Plan (the Performance Share Plan), The International Personal Finance plc Approved Company Share Option Plan (the CSOP), The International Personal Finance plc Employee Savings-related Share Option Plan (the SAYE plan), The International Personal Finance plc Discretionary Award Plan (the Discretionary Award Plan) and The International Personal Finance plc Deferred Share Plan (the Deferred Share Plan).

The cost of providing share-based payments to employees is charged to the profit and loss account of the employing company over the vesting period of the related share options or share allocations. The corresponding credit is made to the profit and loss reserve.

The cost is based on the fair value of the options and shares allocated, determined using a Monte Carlo simulation model for the schemes subject to a total shareholder return ('TSR') performance target and the Black Scholes model for the schemes where non-market conditions are applicable. The Performance Share Plan, CSOP and Deferred Share Plan use the Monte Carlo simulation model and/or the Black Scholes model. The SAYE plan is calculated using a Monte Carlo simulation model, however no TSR targets are assigned.

**k) Intangible fixed assets**

Intangible assets, which comprise computer software and software licences, are capitalised as intangible assets on the basis of the costs incurred to acquire or develop the specific software or licence and bring it into use.

Computer software and software licences are amortised on a straight line basis over its estimated useful economic life which is generally estimated to be five years. The residual values and economic lives are reviewed by management at each balance sheet date, and any shortfall recognised as impairment.

**l) Income from shares in Group undertakings**

The company receives dividends from Group undertakings which are recognised in the profit and loss account on an accruals basis.

**m) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand.

**n) Debtors and Creditors**

Debtors and creditors do not carry interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. They are recognised when the Group's right to consideration is only conditional on the passage of time. Allowances incorporate an expectation of life-time credit losses from initial recognition and are determined using an expected credit loss approach.



**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**1. Principal accounting policies (continued)**

**o) Interest payable and receivable**

Interest is charged and credited at blended rates based on the cost of external finance.

**p) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market on the valuation date and the current market conditions, regardless of whether the price is directly observable or estimated using other valuation techniques. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants take these characteristics into account when pricing the asset or liability at the measurement date.

Moreover, for financial reporting purposes, the fair value measurements are categorized into level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable, and the significance of the inputs to the fair value as a whole. These levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities for which the entity has an access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for valuation of the asset or liability.

In measuring the fair value of assets or liabilities, the Company uses observable market data to the extent that this is possible.

**q) Going concern**

The directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (12 months from the date of these Financial Statements). Thus they continue to adopt the going concern basis of accounting in the Financial Statements. Further detail is contained in the Strategic Report on page 1.

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The directors deem that the only significant critical judgements and sources of estimation uncertainty to concern the carrying value of investments in subsidiaries and impairment of intra-group debtor balances.

The directors monitor the carrying values of all investments in subsidiaries by reference to a Value in Use model. This compares expected future cashflows, discounted at the Group cost of funding of 10% (2020: 10%), to the value of the investment and results in impairment charges where the carrying value exceeds the Value in Use. During the period, this review has included consideration of the potential impact of volatility in macro-economic factors affecting the businesses including the medium to long term impacts of the Covid-19 pandemic on the future cashflows and performance of the Company's investments. Following this review, the directors concluded that no impairment losses were required as at 31 December 2021 (2020 £nil).

The company's debtor balances are accounted for in accordance with IFRS 9 *Financial Instruments*. In assessing the recoverability of these balances, the directors are required to make estimates about the ability of counterparties to repay these loans in full on their maturity and the quantum of expected credit losses that the company expects to incur. As at 31 December 2021, the directors have an expectation that all outstanding balances will be repaid in full on their maturity and expected credit losses of £nil (2020: £nil) have therefore been recognised within the company's financial statements. In reaching their conclusions, the directors have considered the financial performance of the company's counterparties during 2021, the financial position of the company's counterparties as at 31 December 2021 and the impact that volatility in macro-economic factors affecting the businesses, including the medium to long term impacts of the Covid-19 pandemic, may have on the ability of counterparties to repay these balances in full on their maturity.

**3. Revenue and profit before taxation**

Revenue relates to one class of business, the origin of which is wholly within the UK.

The profit on ordinary activities before taxation is stated after (crediting)/charging:

	<u>2021</u> £'000	<u>2020</u> £'000
Depreciation of tangible fixed assets (note 9)	150	157
Amortisation of intangible fixed assets (note 8)	8,887	9,994
Dividends received	(76,806)	(15,167)
Auditor's remuneration:		
Fees payable to the auditor for the audit of the company's financial statements	3	3
Net foreign exchange gains	(54)	(8)
	<hr/>	<hr/>

**4. Interest (payable)/receivable and similar payments**

	<u>2021</u> £'000	<u>2020</u> £'000
Interest payable - Group	(4,299)	(4,999)
	<hr/>	<hr/>
Interest receivable - Group	3,047	1,575
	<hr/>	<hr/>

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**5. Directors' emoluments**

None of the directors received any emoluments in respect of their services to the company during the year (2020: nil). All the costs of the directors' emoluments were borne by another Group company.

During the year three of the directors (2020: none) exercised 466,452 (2020: nil) share options in shares of the company's parent undertaking International Personal Finance plc. The exercise price of these options in 2021 was £zero (2020: £zero).

**6. Employee information**

a) The average monthly number of persons employed by the company during the year was as follows:

	<u>2021</u> Number	<u>2020</u> Number
Administration	58	95
	<hr/>	<hr/>

b) Employment costs:

	<u>2021</u> £'000	<u>2020</u> £'000
Wages and salaries	3,395	2,300
Social security costs	447	543
Pension costs (note 14(b))	327	387
Share-based payments (note 21)	(116)	113
	<hr/> 4,053	<hr/> 3,343
	<hr/>	<hr/>

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**7. Tax charge on profit**

(a) Analysis of tax charge for the year:

	<u>2021</u> £'000	<u>2020</u> £'000
Current tax on profits for the year	-	(23)
Adjustment in respect of prior years	-	227
Foreign tax	(149)	(89)
Deferred taxation (note 11 (b))		
Adjustment in respect of prior years	(104)	(87)
Origination and reversal of timing differences	5	(60)
Tax charge on profit (note 7(b))	<u>(248)</u>	<u>(32)</u>

b) Factors affecting the tax charge for the year:

The tax credit for the year can be reconciled to the profit and loss account as follows:

	<u>2021</u> £'000	<u>2020</u> £'000
Profit before taxation	74,509	11,030
Expected tax charge calculated at the standard rate of corporation tax in the UK of 19% (2020: 19%)	<u>(14,156)</u>	<u>(2,096)</u>
Effects of:		
Expenses not deductible for tax purposes	(6)	(28)
Adjustment in respect of prior years	(104)	140
Non taxable dividends and other income	14,593	2,882
Group relief for nil payment	(536)	(752)
Foreign withholding tax expensed	(120)	(73)
Deferred tax rate changes	66	72
Deferred tax on share-based payments	15	(177)
Total tax charge for the year (note 7(a))	<u>(248)</u>	<u>(32)</u>

(c) Factors that may affect future tax charges:

The headline rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. On the 3<sup>rd</sup> March 2021 the UK Chancellor of the Exchequer announced that the corporation tax rate will increase from 19% to 25% from April 2023. The proposed change in the corporation tax rate was subsequently included in Finance Bill 2021 which was published on 11 March 2021.

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**8. Intangible fixed assets**

	<u>Software licences</u>	<u>Computer software</u>	<u>Total</u>
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2020	10,949	72,777	83,726
Additions	-	6,889	6,889
At 31 December 2020	<u>10,949</u>	<u>79,666</u>	<u>90,615</u>
Additions	-	6,491	6,491
At 31 December 2021	<u>10,949</u>	<u>86,157</u>	<u>97,106</u>
<b>Accumulated Amortisation</b>			
At 1 January 2020	10,949	51,978	62,927
Charge for the year	-	9,994	9,994
At 31 December 2020	<u>10,949</u>	<u>61,972</u>	<u>72,921</u>
Charge for the year	-	8,887	8,887
At 31 December 2021	<u>10,949</u>	<u>70,859</u>	<u>81,808</u>
Net book value at 31 December 2020	-	17,694	17,694
Net book value at 31 December 2021	<u>-</u>	<u>15,298</u>	<u>15,298</u>

Intangible assets comprise computer software and are a mixture of self-developed and purchased assets. All purchased assets have had further capitalised development on them, meaning it is not possible to disaggregate fully between the relevant intangible categories.

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

9. **Tangible fixed assets**

	<u>Equipment</u>
Cost	£'000
At 1 January 2020	27,277
Additions	36
At 31 December 2020	<u>27,313</u>
Additions	-
At 31 December 2021	<u>27,313</u>
Depreciation	
At 1 January 2020	26,114
Charge for the year	157
At 31 December 2020	<u>26,271</u>
Charge for the year	150
At 31 December 2021	<u>26,421</u>
Net book value at 31 December 2020	<u>1,042</u>
Net book value at 31 December 2021	<u>892</u>

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**10. Investments**

Investments in subsidiary or fellow subsidiary undertakings comprise:

	<u>Shares at cost</u> £'000
At 1 January 2021	131,024
Additions	5,995
Foreign exchange revaluation	(7,083)
	<hr/>
At 31 December 2021	129,936
	<hr/>

<u>Name of subsidiary or fellow subsidiary</u>	<u>Country of incorporation</u>	<u>Class of shares issued</u>	<u>Percentage holding</u>
Provident Servicios S.A. de C.V. Avenida 31 Poniente No. 4118, Colonia Ampliacion Reforma, Puebla, Mexico CP 72160	Mexico	Ordinary A** Ordinary B**	99.998% 100%
Provident Servicios de Agencia S.A. de C.V. Avenida 31 Poniente No. 4118, Colonia Ampliacion Reforma, Puebla, Mexico CP 72160	Mexico	Ordinary A**	99.998%
Provident Polska S.A. ul. Inflanka 4A Warsaw, 00-189 Poland	Poland	Ordinary##	100%
Provident Financial s.r.o. Olbrachtova 2006/9, 140 00, Prague 4, Czech Republic	Czech	Ordinary###	100%
IPF Financing Limited	England	Ordinary £1	30%
IPF Polska sp.z.o.o. Aleje Jerozolimskie 136, 02-305, Warsaw, Poland	Poland	Ordinary PLN 500	100%

\*\* Shares are denominated in Mexican pesos

## Shares are denominated in 10 Polish Zloty

### Shares are denominated in Czech Koruna

All UK subsidiaries are registered at the same office as the company, and this address is shown in note 22 on page 25.

In the opinion of the directors, the value of the company's investments in its subsidiary undertakings at the balance sheet date is not worth less than the amount at which it is stated in the balance sheet. Further information regarding the key assumptions applied by the directors in reaching this conclusion is included in Note 2.

On 29 June 2021, the company made an investment of £5,995,000 in IPF Polska sp z.o.o.

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**11. Deferred taxation**

(a) Deferred tax is recognised in the financial statements as follows:

	<u>2021</u> £'000	<u>2020</u> £'000
Fixed assets	448	448
Share based payments	91	91
Short-term timing differences	(89)	10
Hedging reserve – other comprehensive income	12	18
	<u>462</u>	<u>567</u>

Timing differences do not require future profits to be available in order to be utilised.

(b) The movement in deferred taxation during the year is as follows:

	<u>2021</u> £'000
Deferred tax asset at 1 January 2021	567
Deferred tax charged to hedging reserve	(6)
Charged to profit and loss account in the year (note 7(a))	(99)
	<u>462</u>
Deferred tax asset at 31 December 2021	<u>462</u>

At 31 December 2021, deferred tax has not been recognised in respect of tax losses of £2,059,000 (2020: £3,490,000) as it is not considered probable that there will be future taxable profits available against which the losses could be utilised.

**12. Debtors**

Amounts falling due within one year:

	<u>2021</u> £'000	<u>2020</u> £'000
Amounts owed by ultimate parent undertaking	124,099	53,222
Amounts owed by other Group undertakings	3,131	7,103
Prepayments	1,697	990
	<u>128,927</u>	<u>61,315</u>

Amounts owed by the ultimate parent undertaking are unsecured and have no fixed date of repayment and include amounts where interest is credited at rates based on the cost of external finance.  
Interest is not charged on amounts owed by other Group undertakings.



**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**13. Creditors**

Amounts falling due within one year:

	<u>2021</u> £'000	<u>2020</u> £'000
Trade creditors	157	436
Amounts owed to other Group undertakings	102,607	114,722
Other taxation and social security	120	126
Corporation tax	-	24
Accruals and deferred income	4,221	2,107
Borrowings and overdrafts	-	8
	<u>107,105</u>	<u>117,423</u>

Amounts owed to other Group undertakings are unsecured and have no fixed date of repayment. Interest is paid on amounts owed to other Group undertakings at agreed rates.

**14. Pension schemes**

**(a) Defined benefit**

As at 31 December 2021, the company is unable to identify its share of the underlying assets and liabilities relating to its employees for the purposes of meeting the disclosure requirements of IAS 19 "Retirement benefits" but the required disclosures for the International Personal Finance plc Group are included within the financial statements of the ultimate parent company, International Personal Finance plc.

With effect from 1 March 2010, the Group's final salary pension scheme was closed to further accrual of defined benefit obligations, with all members being transferred into an existing money purchase scheme.

As at 31 December 2021 the valuation of the pension scheme included in the International Personal Finance plc Group financial statements is an asset of £4,855,000 (31 December 2020: £3,398,000).

**(b) Defined contribution**

The defined benefit pension arrangements described above were closed to new members from 1 January 2003 and all other members from 1 March 2010. All employees of the company joining after that date are now invited to join a stakeholder pension plan into which the company contributes a maximum of 15% of members' pensionable earnings, provided the employee contributes a minimum of 5%. The assets of the scheme are held separately from those of the company and the ultimate parent company in independently administered funds. The pension cost charged in the profit and loss account includes contributions payable by the company to the fund and amounted to £327,000 for the year ended 31 December 2021 (2020: £387,000).

**15. Called-up share capital**

	<u>2021</u> £'000	<u>2020</u> £'000
<b>Authorised</b>		
100,000 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<b>Allotted, called-up and fully paid</b>		
64,288 ordinary shares of £1 each (2020: 64,288)	64	64
	<u>          </u>	<u>          </u>

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**16. Share premium**

	<u>2021</u> £'000	<u>2020</u> £'000
At 1 January and 31 December	22,759	22,759

**17. Hedging reserve**

	<u>2021</u> £'000	<u>2020</u> £'000
At 1 January	(77)	29
Amounts recognised in the year	247	(83)
Amounts released to the profit and loss account	(200)	(47)
	<u>(30)</u>	<u>(101)</u>
Current year deferred tax on hedging reserve	(6)	24
At 31 December	<u>(36)</u>	<u>(77)</u>

**18. Related party disclosure**

As a wholly owned subsidiary, the company has taken advantage of the exemption in FRS 101 "Related Party Disclosures" from disclosing related party transactions with other entities included in the consolidated financial statements of International Personal Finance plc.

**19. Financial instruments**

The company has only one category of derivative financial instrument, fair value through profit and loss. The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. The derivative balances are measured at fair value and are considered level 1 financial instrument.

**20. Contingent liabilities**

The company has a contingent liability for (i) guarantees given in respect of borrowings made by the company's ultimate parent undertaking and (ii) guarantees given jointly and severally with the company's ultimate parent undertaking in respect of borrowings made by certain of its fellow subsidiaries to a maximum of £560,274,000 (2020: £609,062,000). At 31 December 2021 the borrowings amounted to £477,975,000 (2020: £499,150,000). No loss is expected to arise.

**IPF INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**21. Share-based payments**

The Group currently operates five categories of share schemes: The International Personal Finance plc Performance Share Plan ('the Performance Share Plan'); The International Personal Finance plc Approved Company Share Option Plan ('the CSOP'); The International Personal Finance plc Employee Savings-Related Share Option Plan ('the SAYE plan'), The International Personal Finance plc Discretionary Award Plan ('the Discretionary Award Plan') and The International Personal Finance plc Deferred Share Plan ('the Deferred Share Plan'). A number of awards have been granted under these schemes during the period under review, however they were subsequently surrendered in full, no awards have been granted under the CSOP.

Options granted under the Performance Share Plan plans and the CSOP may be subject to a total shareholder return ('TSR') performance target and/or earnings per share ('EPS') growth; net revenue growth; customer number growth; agent Revenue; and earnings before interest and tax ('EBIT') performance targets. The profit and loss charge in respect of the Performance Share Plan and the CSOP has been calculated using both a Monte Carlo simulation (for TSR) and Black-Scholes model (for the other non-market related conditions) as these schemes include performance targets. There are no performance conditions associated with the Discretionary Award Plan. The profit and loss charge in respect of this scheme is calculated using the share price at the date of the grant.

The charge in the profit and loss account in respect of the SAYE plan is calculated using a Monte Carlo simulation model, however no TSR targets are assigned. From the 2018 scheme onwards, the Deferred Share Plan does not have matching awards. There are no additional performance criteria attached to the deferred awards, therefore the profit and loss charge is calculated using the actual share price at the date the award is granted. The matching awards are subject to the same criteria as the Performance Share Plan.

The total credit to the profit and loss account in respect of these share-based payments is £116,000 (2020: charge £113,000).

The weighted average share price at the date of exercise for share options exercised during the period was £zero. The weighted average contractual life of these share options is 7.9 years (2020: 8.0 years). The options outstanding at 31 December 2021 had exercise prices ranging from £0.86 to £5.26.

**22. Parent undertakings**

The immediate parent undertaking is International Personal Finance Investments Limited.

The company, whose liability is limited to a maximum of the share capital issued, is registered and domiciled in the United Kingdom, the registered office of the company is located at 26 Whitehall Road, Leeds LS12 1BE. The ultimate parent undertaking and controlling party is International Personal Finance plc, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of that company's consolidated financial statements can be obtained from the Company Secretary, International Personal Finance plc, 26 Whitehall Road, Leeds LS12 1BE or on the Group's website at [www.ipfin.co.uk](http://www.ipfin.co.uk).

**23. Commitments**

	<u>2021</u>	<u>2020</u>
	£'000	£'000
Capital commitments	3,638	2,460

The company has capital expenditure commitments contracted with third parties but not provided for at 31 December 2021.