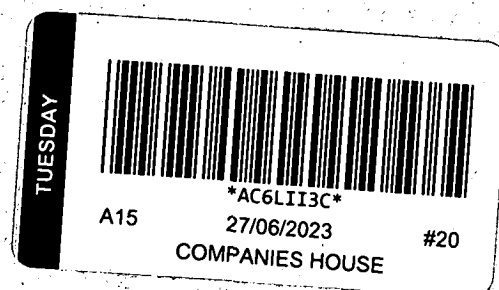


# NewDay Cards Ltd

Company number 04134880

Annual report and statutory financial statements

31 December 2022



# Contents

General information ..... 2

Strategic report ..... 3

Directors' report ..... 5

Statement of directors' responsibilities in respect of the annual report, the strategic report, the directors' report and the financial statements ..... 7

Independent auditor's report..... 8

Statement of profit and loss and other comprehensive income ..... 11

Statement of financial position..... 12

Statement of changes in equity ..... 13

Statement of cash flows..... 14

Notes to the financial statements..... 15

## **General information**

### **Directors**

John Hourican  
Paul Sheriff

### **Company secretary**

Stephen Rowland

### **Registered office**

7 Handyside Street  
London  
N1C 4DA

### **Solicitor**

Slaughter and May  
1 Bunhill Row  
London  
EC1Y 8YY

### **Auditor**

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

# Strategic report

The Directors present their annual report and the audited financial statements of NewDay Cards Ltd (the "Company") for the year ended 31 December 2022.

## Incorporation and principal activity

The Company was incorporated on 3 January 2001 and domiciled in England and Wales. The principal activities of the Company are to service the credit card and loan portfolios held by NewDay Funding Transferor Ltd and NewDay Partnership Transferor Plc (together the "Transferors"), who along with the Company, are all subsidiaries of NewDay Group (Jersey) Limited (the "Group").

## Review of the Company's business and future developments

The Company provides operational services for the credit card portfolios of the Group and receives servicing fee income which is based on the performance of the underlying credit card portfolios and as a result the servicing fee income can fluctuate year on year. In 2022, the Company refined its approach for allocating the servicing fee it receives from the other entities of the Group. The refined approach more closely aligns the fee to the operating performance of the credit card portfolios.

The Company generated a profit after tax of £138.8m in the year ended 31 December 2022 (2021: £103.6m). Revenue increased by 16% to £436.2m (2021: £375.7m) driven by an increase in servicing fees income from other Group entities as a result of a rise in the carrying value of the credit card and loan portfolios held by those entities which the Company services. Total operating expenses increased by £21.4m to £180.3m (2021: £158.9m). In 2022, the Company also executed swap contracts with a total notional value of £680.0m to hedge against interest rate movements of the Group's externally issued SONIA linked debt. The swap contracts swap the interest rate from a SONIA-linked rate to a fixed interest rate. These derivatives are held at fair value through profit or loss and the income (net of realised loss) from them in 2022 totalled to £19.0m (2021: £nil).

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

## Principal risks and uncertainties

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

The Company is subject to a risk of credit default on its intercompany receivables. The repayment is dependent on the performance of the counterparties which is reviewed on a regular basis.

## Section 172(1) statement

The Directors are committed to balancing the interest of the Company's different stakeholder in order to maximise the long-term success of the Company. By understanding the differing needs and concerns of the stakeholders through proactive engagement, the Directors can then ensure careful consideration of the potential impact of their decision-making on each stakeholder group.

As a servicer company the key stakeholders are:

- Customers
- Colleagues
- Regulators
- Community

The key stakeholders of the Company align with those of the Group. Details of the key stakeholders, their material interests and how the Group engage with them are reported in the Annual Report and Financial Statements of NewDay Group (Jersey) Limited, which is publicly available.

## Key performance indicators

The Directors monitor performance of the Company by reference to operating profit and the average number of full time employees. In the current year, operating profit increased to £134.8m (2021: £121.8m) and the average number of full time employees increased to 1,253 (2021: 1,129). The Directors also monitor the performance of the credit card portfolios held by the Transferors as their performance largely drives the servicing fee income the Company receives. As at 31 December 2022 the gross credit card receivables of the Transferors increased by £975.7m to £4,336.6m (2021: £3,360.9m), with risk adjusted income increasing 54.2% to £463.4m in the year (2021: £300.5m). New accounts opened in the year increased by 430,000 to 1,337,000 from 907,000 in 2021.

## Strategic report (continued)

### Results and dividends

The audited financial statements and associated notes to the accounts for the Company, for the year ended 31 December 2022 are set out on pages 11 to 30. The profit for the year to 31 December 2022 after taxation was £138.8m (2021: £103.6m) as shown in the statement of profit and loss and other comprehensive income on page 11.

Dividends totalling £89.0m were paid during the year (2021: £68.0m).

On behalf of the Board



**Paul Sheriff**  
**Director**  
**28 March 2023**

# Directors' report

The Directors present their Directors' report for the year ended 31 December 2022.

## Directors

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

John Hourican  
Paul Sheriff

## Company secretary

The Company secretary during the year and up until the date of approval of the financial statements was as follows:

Stephen Rowland

## Directors' insurance

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

## Corporate governance statement

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

## Employee engagement statement

As more fully described in the Section 172(1) statement in the Strategic Report the directors have a responsibility for understanding the needs and concerns of employees as key stakeholder of the Company, these are reported in the Annual Report and Financial Statements of NewDay Group (Jersey) Limited, which is publicly available

## Business relationships' statement

As more fully described in the Section 172(1) statement in the Strategic Report the directors have a responsibility for understanding the needs and concerns of all business relationships' of the Company, these are reported in the Annual Report and Financial Statements of NewDay Group (Jersey) Limited, which is publicly available.

## Going concern

The Company is dependent on NewDay Funding Transferor Ltd and NewDay Partnership Transferor Plc for the receipt of servicing income. These companies form part of the Group which is exposed to uncertainties around the strength of the overall economy and the UK consumer credit market.

The Directors believe that the existing plans and projections of business performance will be sufficient to allow the Company to continue to meet its current obligations. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the approval of the financial statements.

The Directors have considered the impact of the UK economic outlook on the Company including conducting scenario analysis of the potential impact on profitability and the capital markets and assessing the Company's ability to refinance in this scenario. Considering the scenario analysis and the Company's current funding position, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis as outlined in the statement of Directors' responsibilities.

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

## Directors' report (continued)

### Disabled persons

The Company is committed to the recruitment, training, career development and promotion of disabled persons, having regard to their particular aptitudes and abilities, and to retain and retrain colleagues who become disabled while in the employment of the Company.

### Disclosure of information to the auditor

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

### Auditor

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

On behalf of the Board



**Paul Sheriff**  
Director  
28 March 2023

## **Statement of directors' responsibilities in respect of the annual report, the strategic report, the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board



**Paul Sheriff**  
**Director**  
**28 March 2023**



# Independent auditor's report to the members of NewDay Cards Ltd

## Opinion

We have audited the financial statements of NewDay Cards Ltd ("the Company") for the year ended 31 December 2022 which comprise the Statement of profit and loss and other comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

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

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

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## Fraud and breaches of laws and regulations - ability to detect

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud as part of the NewDay Group (Jersey) Limited's overall risk assessment (which incorporates the Company). Our risk assessment procedures included:

- Enquiring of Directors, Those Charged With Governance, Internal Audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Board Audit Committee and Board Risk Committee minutes.
- Considering remuneration incentive schemes and performance targets for management under the Group's Management Incentive Plan.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

## Independent auditor's report to the members of NewDay Cards Ltd (continued)

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

We did not identify any additional fraud risks. In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group- wide fraud risk management controls.

We also performed procedures including:

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

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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

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

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

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

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

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

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

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

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

# Independent auditor's report to the members of NewDay Cards Ltd (continued)

## Strategic report and directors' report

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

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

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

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

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

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

We have nothing to report in these respects.

## Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

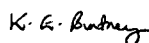
## Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Karl Pountney (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
**28 March 2023**

## Statement of profit and loss and other comprehensive income

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£m	£m
Revenue	3	436.2	375.7
Servicing costs	4	(121.1)	(95.0)
<b>Gross profit</b>		<b>315.1</b>	<b>280.7</b>
Personnel expense	5	(134.7)	(106.5)
Other operating expenses	6	(35.3)	(41.4)
Depreciation of property and equipment	12	(4.7)	(4.9)
Amortisation of intangible assets	13	(5.6)	(6.1)
<b>Total operating expenses</b>		<b>(180.3)</b>	<b>(158.9)</b>
<b>Operating profit</b>		<b>134.8</b>	<b>121.8</b>
Finance income		0.3	-
Finance expense	7	(0.5)	(3.0)
Income from derivative financial instruments	11	19.0	-
<b>Profit before tax</b>		<b>153.6</b>	<b>118.8</b>
Tax expense	8	(14.8)	(15.2)
<b>Profit after tax</b>		<b>138.8</b>	<b>103.6</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>138.8</b>	<b>103.6</b>

The profit for the year is from continuing operations.

The notes on pages 15 to 30 form an integral part of these statutory financial statements.

## Statement of financial position

		As at 31 December 2022 £m	As at 31 December 2021 £m
	Note		
<b>Assets</b>			
Loans and advances to banks	9	25.6	28.1
Other assets	10	172.0	121.0
Derivative assets	11	20.4	-
Current tax receivable		10.6	2.6
Deferred tax		0.5	0.3
Property and equipment	12	12.4	15.4
Intangible assets	13	0.9	20.5
Investment in subsidiaries	14	2.5	2.5
<b>Total assets</b>		<b>244.9</b>	<b>190.4</b>
<b>Liabilities</b>			
Other liabilities	15	83.2	78.5
Provisions	16	2.2	2.2
<b>Total liabilities</b>		<b>85.4</b>	<b>80.7</b>
<b>Net assets</b>		<b>159.5</b>	<b>109.7</b>
<b>Capital and reserves</b>			
Share capital	17	3.3	3.3
Share premium	17	11.1	11.1
Capital contribution	17	22.7	22.7
Retained earnings		122.4	72.6
<b>Total equity</b>		<b>159.5</b>	<b>109.7</b>

The notes on pages 15 to 30 form an integral part of these statutory financial statements.

The statutory financial statements and accompanying notes on pages 11 to 30 were approved by the Board of Directors on 28 March 2023 and signed on its behalf by:



**Paul Sheriff**  
Director

Company No. 04134880

## Statement of changes in equity

	Share capital £m	Share premium £m	Capital contribution £m	Retained profit £m	Total equity £m
At 1 January 2022	3.3	11.1	22.7	72.6	109.7
Dividends paid in the year	-	-	-	(89.0)	(89.0)
Profit for the year after other comprehensive income	-	-	-	138.8	138.8
<b>At 31 December 2022</b>	<b>3.3</b>	<b>11.1</b>	<b>22.7</b>	<b>122.4</b>	<b>159.5</b>
	Share capital £m	Share premium £m	Capital contribution £m	Retained profit £m	Total equity £m
At 1 January 2021	3.3	11.1	22.7	37.0	74.1
Dividends paid in the year	-	-	-	(68.0)	(68.0)
Profit for the year after other comprehensive income	-	-	-	103.6	103.6
<b>At 31 December 2021</b>	<b>3.3</b>	<b>11.1</b>	<b>22.7</b>	<b>72.6</b>	<b>109.7</b>

The notes on pages 15 to 30 form an integral part of these statutory financial statements.

## Statement of cash flows

		Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
	Note		
<b>Operating activities</b>			
Profit after tax		138.8	103.6
Adjustments for:			
Tax expense		14.8	15.2
Interest expense	7	0.5	3.0
Depreciation of property and equipment	12	4.7	4.9
Charge on disposal of property and equipment		-	0.5
Amortisation of intangible assets	13	5.6	6.1
Impairment and charge on disposal of intangible assets		-	0.4
Income from derivative financial instruments	11	(19.0)	-
Working capital adjustments:			
Increase in other assets	10	(52.4)	(30.8)
Increase/(decrease) in other liabilities	15	7.7	(7.0)
Increase in provisions		-	0.2
Tax paid		(21.6)	(16.6)
Interest paid		(1.9)	(3.0)
<b>Net cash generated from operating activities</b>		<b>77.2</b>	<b>76.5</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	12	(1.9)	(1.3)
Purchase of intangibles	13	(15.9)	(7.8)
Transfer of intangible assets	13	29.9	-
<b>Net cash flows generated from/(used in) investing activities</b>		<b>12.1</b>	<b>(9.1)</b>
<b>Cash flows from financing activities</b>			
Payment of principal element of lease liabilities		(2.8)	(2.6)
Dividends paid		(89.0)	(68.0)
<b>Net cash flows used in financing activities</b>		<b>(91.8)</b>	<b>(70.6)</b>
Net decrease in cash and cash equivalents		(2.5)	(3.2)
Cash and cash equivalents at beginning of year		28.1	31.3
<b>Cash and cash equivalents at end of year</b>	9	<b>25.6</b>	<b>28.1</b>

The notes on pages 15 to 30 form an integral part of these statutory financial statements.

# Notes to the financial statements

## 1. Corporate information

NewDay Cards Ltd (the "Company") was incorporated in England and Wales on 3 January 2001. The address of its registered office is included on page 2. The principal activities of the Company are described in the strategic report.

The financial statements of the Company for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 28 March 2023.

## 2. Accounting policies

### 2.1 Basis of preparation

#### Statement of compliance

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards.

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

#### Going concern

The Directors believe that the existing plans and projections of business performance will be sufficient to allow the Company to continue to meet its current obligations. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the approval of the financial statements.

The Directors also considered the impact of the UK economic outlook on the Company including conducting scenario analysis of the potential impact on profitability and the capital markets and assessing the Company's ability to refinance in this scenario. Considering the scenario analysis and the Company's current funding position, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis as outlined in the statement of Directors' responsibilities.

The Directors' considerations in respect of going concern are explained in further detail in the Directors' report on page 5.

#### Presentation of financial statements

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 20.

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

### 2.2 Summary of significant accounting policies

#### (1) Foreign currency translation

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

#### (2) Financial instruments

##### (i) Date of recognition

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



## Notes to the financial statements (continued)

### 2.2 Summary of significant accounting policies (continued)

#### (2) Financial instruments (continued)

##### (ii) Classification of financial assets and financial liabilities

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

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

##### (iii) Loans and advances to banks

Loans and advances to banks, as referred to in the balance sheet, comprise cash and cash equivalents (which are amounts due on demand or with an original maturity of three months or less) and restricted cash as detailed in note 9.

#### (3) Impairment of financial assets

##### (i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company assesses impairment on a collective basis for all financial assets that are not individually significant.

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

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

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

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

#### (4) Derivatives

The Company uses derivative financial instruments, namely interest rate swaps (which have not previously been used by the Company prior to 2022), to manage the interest rate risks arising from NewDay Group's debts. No transactions of a speculative nature are undertaken. All derivative financial instruments are assessed against the hedge accounting criteria prescribed in IFRS 9. Derivatives are recognised initially at the fair value on the date a derivative contract is entered into and are remeasured subsequently at each reporting date at their fair value. Where derivatives do not qualify for hedge accounting, movements in their fair value are recognised immediately in the income statement.

#### (5) Recognition of income and expenses

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

## Notes to the financial statements (continued)

### 2.2 Summary of significant accounting policies (continued)

#### (5) Recognition of income and expenses (continued)

##### (i) Servicing fee income

In accordance with IFRS 15 Revenue from Contracts with Customers servicing fee income is recognised when the Company satisfies its underlying performance obligation. Servicing fee income received during the year are for servicing credit card and loan portfolios of the Group.

The Company provides operational services for the credit card portfolios of the Group and receives servicing fee income. The servicing fee income, which is driven by the performance of the credit card portfolio of the Group, is calculated in two parts; a senior servicing fee derived from total volume of credit card receivables and a junior servicing fee which is charged by the Company for the provision of its ongoing activities related to managing and overseeing the Group's receivables and debt collection, this can fluctuate with the performance of the credit card portfolios of the Group.

##### (ii) Interest and similar income and expense

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

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

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

In calculating interest income and expense, the EIR is applied to the gross carrying value of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the carrying value of the financial asset net of the impairment provision. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

##### (iii) Servicing costs

Servicing costs include costs associated with servicing customer accounts. Certain servicing costs are subject to a netting arrangement whereby the expenses and income (rebates) relating to the same servicer are netted against each other. This is in line with the servicer agreement and reflects the intention of both parties to settle on a net basis. Some of the Company's servicing costs are prepaid and released to the statement of profit and loss over the period in which the service is provided. These amounts are included in prepayments and accrued income in the balance sheet.

##### (iv) Personnel expenses

The Company applies IAS 19 'Employee Benefits' in its accounting for the relevant components of staff costs. Short-term employee benefits including salaries, accrued bonus, other incentive costs and social security are recognised over the period in which the employees provide the services to which the payments relate. Bonus and other incentive costs are recognised to the extent that the Company has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the benefits.

##### (v) Defined contribution pension plan

The contributions payable to the defined contribution pension plan is in proportion to the services rendered to the Company by its employees and is recorded in the statement of profit and loss as a personnel expense on an accruals basis. Unpaid contributions are recorded as an accrual in the balance sheet.

##### (vi) Share-based payment transactions

The fair value of the amount payable to employees in respect of share-based payment transactions is recognised as an expense with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the shares.

##### (vii) Capitalisation of expenditure

Expenditure relating to specific projects are reviewed to determine whether the capitalisation criteria of IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' are met (see note 2.2 (7) and (8)). The Company capitalises expenditure where the criteria are met and depreciates or amortises over the useful economic life of the asset.

## Notes to the financial statements (continued)

### 2.2 Summary of significant accounting policies (continued)

#### (6) Taxation

##### (i) Current tax

Current tax assets and liabilities arising in current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the tax balances are those that are enacted or substantively enacted by the reporting date. Current tax relating to items recognised directly in equity is also recognised in equity and not in the income statement.

##### (ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in equity are also recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

#### (7) Intangible assets

The Company's intangible assets are internally generated intangible assets which include computer software and core operating platforms. These assets are capitalised as intangible assets on the basis of the costs incurred to acquire or develop the specific software and bring it into use. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Expenditure incurred in relation to scoping, planning and researching the build of an asset as part of a project is expensed as incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful economic lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over their useful economic life. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful economic lives, which are generally estimated to be:

- Computer software and core operating platforms                      3 – 5 years

The Company has no intangible assets with an infinite useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss. Changes in the expected useful economic life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates.

Intangible assets are assessed for indications of impairment at each balance sheet date, or more frequently where changes in circumstances exist. The carrying value of assets is compared to their recoverable amount, being the higher of the fair value less costs to sell and their value in use. Any impairment is recognised immediately in the statement of profit and loss.

## Notes to the financial statements (continued)

### 2.2 Summary of significant accounting policies (continued)

#### (8) Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful economic life are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful economic lives. The estimated useful economic lives are as follows:

- Computer equipment 3 – 5 years
- Fixtures and fittings 3 – 5 years
- Leasehold improvements over lease term

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in other operating expenses in the statement of profit and loss in the period in which the asset is derecognised.

#### (9) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying value of the asset does not exceed its recoverable amount, nor exceeds the carrying value that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit and loss.

#### (10) Leasing

##### (i) Lease liability

All leases for a lessee, other than those that are less than 12 months in duration or are low value which the Company has elected to treat as exempt, require a lease liability to be recognised on the balance sheet on origination of the lease. The lease liability is initially measured at the present value of the contractual lease payments payable over the lease term discounted at the rate implicit in the lease if that can be readily determined or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Subsequently settled lease payments reduce the lease liability and an interest expense is recognised in the income statement as the discount is unwound. Each lease payment is allocated between payments of the principal element of the lease liability and interest payments within the consolidated statement of cash flows.

##### (ii) Right-of-use asset

For each lease liability, a corresponding right-of-use asset is recorded in the balance sheet. The right-of-use asset is measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and recorded as an expense in other operating expenses. All of the Company's right-of-use assets relate to property leases.

## Notes to the financial statements (continued)

### 2.2 Summary of significant accounting policies (continued)

#### (11) Investment in subsidiary undertakings

The Company's equity investments in its subsidiary undertakings are recorded at cost less impairment. At each reporting date an assessment is undertaken to determine whether there is any indication of impairment.

The Company has elected to prepare separate financial statements and applied the exemption from consolidation available under IAS 27 'Consolidated and Separate Financial Statements'. The financial statements of the Company and its subsidiary are consolidated into the financial statements of NewDay Group (Jersey) Limited, which are publicly available.

#### (12) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

#### (13) Share capital

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

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

### 2.3 Significant accounting judgements, estimates and assumptions

#### (1) Provisions

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

#### (2) Revenue recognition

Servicing fee income is charged by the Company to the credit card portfolios held by NewDay Funding Transferor Ltd and NewDay Partnership Transferor Plc. The key judgement behind this revenue stream is in relation to the value added to the wider NewDay Group. As a result, the Directors have determined that the majority of the Group's profit should reside within the Company, which is implemented via the servicing fee income.

### 2.4 Adoption of new and revised standards

The following new amendments to existing standards are mandatory for the first time for the year ended 31 December 2022 but do not have a significant impact on the Company.

- Amendments to IFRS 16 'Leases' – COVID-19-related rent concessions beyond 30 June 2021. The amendments extend the time period over which the practical expedient introduced by earlier amendments is available for use.
- Annual improvements to IFRS standards 2018-2020 cycle. Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.
- Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' – onerous contracts: cost of fulfilling a contract. The amendments specify which costs to include when assessing whether a contract will be loss-making.
- Amendments to IAS 16 'Property, plant and equipment' – proceeds before intended use. The amendments require amounts received from selling items produced while preparing the asset for its intended use to be recognised in profit or loss, and not as an adjustment to the cost of the asset.
- Amendments to IFRS 3 'Business combinations' – reference to the Conceptual Framework. The amendments update certain references to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

## Notes to the financial statements (continued)

### 2.5 Standards issued but not yet effective

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

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2. The amendments provide more guidance on the definition of a current and non-current liability, guidance on disclosures for liabilities subject to covenants, and guidance on relevant accounting policy disclosures.
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The amendments introduce a new definition for accounting estimates and clarify the relationship between accounting policies and accounting estimates.
- Amendments to IAS 12 'Income Taxes'. The amendments clarify how companies should account for deferred tax on certain transactions, such as leases and decommissioning provisions.

The items noted above are not expected to have a significant impact on the Company's Financial Statements.

### 3. Revenue

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Senior servicing fee income	169.9	138.9
Junior servicing fee income	250.7	233.8
Other servicing fee income	14.5	2.4
Other fee income	1.1	0.6
	<b>436.2</b>	<b>375.7</b>

The Company provides operational services for the credit card portfolios of the Group and receives servicing fee income. The servicing fee income, which is driven by the performance of the credit card portfolio of the Group, is calculated in two parts; a senior servicing fee derived from total volume of credit card receivables and a junior servicing fee which is charged by the Company for the provision of its ongoing activities related to managing and overseeing the Group's receivables and debt collection, this can fluctuate with the performance of the credit card portfolios of the Group. In 2022, the Company refined its approach for allocating the servicing fee it receives from the other entities of the Group. The refined approach more closely aligns the fee to the operating performance of the credit card portfolios.

The Company receives servicing fee income from NewDay Ltd, another subsidiary of the Group, in the year ended 31 December 2022 the Company received £2.5m (2021: £2.4m). In 2022, the Company also started to receive servicing fee income from NewDay Technology Ltd, another subsidiary of the Group. This fee income totalled £11.9m (2021: £nil) in the year.

### 4. Servicing cost

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Servicing costs	68.5	48.8
Advertising and marketing	52.6	46.2
	<b>121.1</b>	<b>95.0</b>

Intercompany recharges, included in servicing costs, amounted to £7.7m (2021: £6.1m). In 2022, the Company also started to pay licence fees, included in servicing costs, to NewDay Technology Ltd. The licence fees amounted to £6.5m (2021: £nil).

## Notes to the financial statements (continued)

### 5. Personnel expense

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Wages and salaries	111.6	86.7
Social security costs	10.3	9.1
Defined contribution pension contributions	6.4	5.5
Other staff costs	6.4	5.2
	<b>134.7</b>	<b>106.5</b>
Average number of full time employees	1,253	1,129
Number of full time employees as at 31 December	1,346	1,121

See note 23 for transactions with directors and key management personnel.

### 6. Other operating expenses

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Administrative cost and commissions to retailers	5.1	7.8
Professional fees	3.4	4.1
IT and communications	19.9	15.7
Project expenses	6.9	12.9
Charge on disposal of property and equipment	-	0.5
Impairment and charge on disposal of intangible assets	-	0.4
	<b>35.3</b>	<b>41.4</b>

External audit fees of £0.2m for the audit of the Company's financial statements were paid in the year (2021: £0.2m).

### 7. Finance expense

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest expense on debt arrangements held with other Group entities	-	2.4
Other	0.5	0.6
	<b>0.5</b>	<b>3.0</b>

Other includes £0.5m of cost which represents the interest expense arising from the unwind of lease liabilities required under IFRS 16 (2021: £0.6m).

## Notes to the financial statements (continued)

### 8. Tax expense

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Current tax expense	15.0	13.4
Deferred tax (income)/expense	(0.2)	1.8
<b>Total expense</b>	<b>14.8</b>	<b>15.2</b>

For the period from 1 January 2022 to 31 December 2022 the enacted UK corporation tax rate was 19% (2021: 19%).

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit before taxation	153.6	118.8
Tax charge at average UK corporation tax rate 19% (2021: 19%)	29.2	22.6
Effects of:		
Disallowable items and allowable deductions	0.4	(0.1)
Group relief from other Group entities	(9.0)	(7.3)
Provision for prior year tax	(5.8)	-
<b>Tax expense</b>	<b>14.8</b>	<b>15.2</b>

There were no amounts of tax recognised through the statement of other comprehensive income in the year (2021: £nil).

### 9. Loans and advances to banks

	As at 31 December 2022 £m	As at 31 December 2021 £m
Cash and cash equivalents	25.6	28.1
	<b>25.6</b>	<b>28.1</b>

Cash and cash equivalents comprise wholly cash held with UK based large retail banks.

### 10. Other assets

	As at 31 December 2022 £m	As at 31 December 2021 £m
Amounts due from Group entities	146.7	105.3
Prepayments and accrued income	19.6	14.2
Other receivables	5.7	1.5
	<b>172.0</b>	<b>121.0</b>

Included within Amounts due from Group entities is a £50.0m intra-group loan facility with NewDay Technology Ltd which incurs interest of 6% per annum. As at 31 December 2022, the amount drawn down on the facility was £30.7m.



## Notes to the financial statements (continued)

### 11. Derivative financial instruments

	As at 31 December 2022 £m	As at 31 December 2021 £m
Fair value of derivatives	20.4	-
	<b>20.4</b>	<b>-</b>

The Company holds interest rate swaps to swap variable for fixed interest rates on debt issued by other Group entities. The derivative financial instruments are accounted for as FVTPL and the Company does not apply hedge accounting. As at 31 December 2022, the notional amount for the swaps was £680.0m (31 December 2021: £nil).

The following table shows the amounts recognised in the statement of profit and loss arising from the interest rate swaps.

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Fair value movement on swaps	20.4	-
Realised loss from swap contract	(1.4)	-
<b>Income from derivative financial instruments</b>	<b>19.0</b>	<b>-</b>

### 12. Property and equipment

	Computer hardware £m	Fixtures and fittings £m	Leasehold improvements £m	Right-of- use asset £m	Total £m
Cost at 1 January 2022	3.9	3.7	8.0	16.9	32.5
Additions in the year	1.8	0.1	-	0.1	2.0
Disposals in the year	(1.5)	-	-	-	(1.5)
Other	(0.2)	(0.2)	(0.4)	-	(0.8)
<b>Cost at 31 December 2022</b>	<b>4.0</b>	<b>3.6</b>	<b>7.6</b>	<b>17.0</b>	<b>32.2</b>
Depreciation at 1 January 2022	(2.4)	(3.2)	(4.5)	(7.0)	(17.1)
Charges for the year	(1.2)	(0.3)	(0.9)	(2.3)	(4.7)
Disposals in the year	1.5	-	-	-	1.5
Other	0.1	0.1	0.3	-	0.5
<b>Depreciation at 31 December 2022</b>	<b>(2.0)</b>	<b>(3.4)</b>	<b>(5.1)</b>	<b>(9.3)</b>	<b>(19.8)</b>
<b>Net book value at 31 December 2022</b>	<b>2.0</b>	<b>0.2</b>	<b>2.5</b>	<b>7.7</b>	<b>12.4</b>
Net book value at 31 December 2021	1.5	0.5	3.5	9.9	15.4

The right-of-use assets consist solely of land and buildings leased by the Company. The total cash outflow in the year arising from right-of-use leases was £3.3m (2021: £3.2m).

Other consists of the future VAT expected to be recovered on property and equipment.

## Notes to the financial statements (continued)

### 13. Intangible assets

	Total £m
Cost at 1 January 2022	31.8
Additions in the year	15.9
Assets transferred	(41.8)
Write offs	(0.6)
Other	(0.2)
<b>Cost at 31 December 2022</b>	<b>5.1</b>
Amortisation at 1 January 2022	(11.3)
Charges for the year	(5.6)
Assets transferred	11.9
Write offs	0.6
Other	0.2
<b>Amortisation at 31 December 2022</b>	<b>(4.2)</b>
<b>Net book value at 31 December 2022</b>	<b>0.9</b>
Net book value at 31 December 2021	20.5

In October 2022, as part of a wider NewDay Group strategy, the Company agreed to transfer certain intangible assets with a carrying value of £29.9m to NewDay Technology Ltd. These assets were transferred at their carrying value.

### 14. Investment in subsidiaries

The Company has a 100% share of the ordinary shares of NewDay Ltd, NewDay Reserve Funding Ltd, NewDay Loyalty Limited, Progressive Credit Limited and SAV Credit Limited (collectively the "Subsidiaries"). The following table details the carrying value of these investments.

	At 31 December 2022 £m	At 31 December 2021 £m
NewDay Ltd	2.5	2.5
<b>Investment in subsidiaries</b>	<b>2.5</b>	<b>2.5</b>

NewDay Reserve Funding Ltd, NewDay Loyalty Limited, Progressive Credit Limited and SAV Credit Limited all have £nil carrying value (31 December 2021: NewDay Reserve Funding Ltd, NewDay Loyalty Limited, Progressive Credit Limited and SAV Credit Limited all have a £nil carrying value).

The Directors have considered the carrying value of the investment. At the reporting date NewDay Ltd has net assets amounting to £27.2m, the Directors' assessment of the value in use of NewDay Ltd, has led the Directors to conclude that the investments are not impaired as at 31 December 2022.

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

## Notes to the financial statements (continued)

### 15. Other liabilities

	As at 31 December 2022 £m	As at 31 December 2021 £m
Trade payable and accruals	54.2	49.8
Lease liabilities	9.2	11.9
Amounts due to Group entities	18.9	15.8
Pension contributions	0.9	0.1
Other liabilities	-	0.9
	<b>83.2</b>	<b>78.5</b>

Amounts due to Group entities are unsecured and have no fixed date for repayment. No interest is charged on these amounts.

Lease liabilities consist of leases held by the Group for land and buildings. The scheduled maturities of the leases are as follows:

	As at 31 December 2022 £m	As at 31 December 2021 £m
Less than one year	2.9	2.8
Between one and two years	2.7	2.9
Between two and five years	3.6	6.2
More than five years	-	-
	<b>9.2</b>	<b>11.9</b>

### 16. Provisions

	Other provisions £m	Dilapidation provisions £m	Total £m
At 1 January 2022	0.4	1.8	2.2
Arising during the year	-	-	-
<b>At 31 December 2022</b>	<b>0.4</b>	<b>1.8</b>	<b>2.2</b>
	Other provision £m	Dilapidation provisions £m	Total £m
At 1 January 2021	0.2	1.8	2.0
Arising during the year	0.2	-	0.2
<b>At 31 December 2021</b>	<b>0.4</b>	<b>1.8</b>	<b>2.2</b>

The Company is, from time to time and in the normal course of business, subject to a variety of legal or regulatory claims, actions or proceedings. When such circumstances arise management provides for its best estimate of cost where an outflow of economic resources is considered probable.

A dilapidation provision of £1.8m (2021: £1.8m) is held as at 31 December 2022 for dilapidation of Leeds and London leased offices.

## Notes to the financial statements (continued)

### 17. Share capital and reserves

	As at 31 December 2022 £m	As at 31 December 2021 £m
Share capital	3.3	3.3
Share premium	11.1	11.1
Capital contribution	22.7	22.7
	<b>37.1</b>	<b>37.1</b>

Called up and fully paid share capital	Issued share capital	
Ordinary shares (£0.10)	Number of shares	Nominal value £m
Shares issued on incorporation	33,400,695	3.3
As at 31 December 2021 and 2022	<b>33,400,695</b>	<b>3.3</b>

The Company was incorporated with share capital of £3.3m comprising 33,400,695 fully paid ordinary shares of £0.10.

The shares are non-redeemable and hold full rights in respect of voting and entitle the holders to full participation in respect of equity and in the event of winding up of the Company. The shares rank equally in respect of rights attached to voting, dividends and in the event of winding up.

Dividends of £89.0m were paid during the year (2021: £68.0m).

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006. The Company has not breached this minimum requirement. The Company manages its capital and reserves to ensure that there is sufficient capital to meet the needs of its operations.

### 18. Fair value of financial instruments

#### Fair value hierarchy

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

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

Derivative financial instruments are recognised at fair value and are classified as level 2 (31 December 2021: level 2) as they are not traded in an active market and the fair value is therefore determined by discounting expected future cash flows using interest rate yield curves prevailing at the year end.

#### Fair value of financial instruments carried at cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments. During the year there have been no transfers between levels (2021: none).

As at 31 December 2022	Level 1 £m	Level 2 £m	Level 3 £m	Carrying value £m	Fair value £m
<b>Financial assets</b>					
Loans and advances to banks	-	25.6	-	25.6	25.6
Other assets	-	152.4	-	152.4	152.4
<b>Total financial assets</b>	-	<b>178.0</b>	-	<b>178.0</b>	<b>178.0</b>
<b>Financial liabilities</b>					
Other liabilities	-	(82.3)	-	(82.3)	(82.3)
<b>Total financial liabilities</b>	-	<b>(82.3)</b>	-	<b>(82.3)</b>	<b>(82.3)</b>

## Notes to the financial statements (continued)

### 18. Fair value of financial instruments (continued)

As at 31 December 2021	Level 1 £m	Level 2 £m	Level 3 £m	Carrying value £m	Fair value £m
<b>Financial assets</b>					
Loans and advances to banks	-	28.1	-	28.1	28.1
Other assets	-	106.8	-	106.8	106.8
<b>Total financial assets</b>	-	<b>134.9</b>	-	<b>134.9</b>	<b>134.9</b>
<b>Financial liabilities</b>					
Other liabilities	-	(78.4)	-	(78.4)	(78.4)
<b>Total financial liabilities</b>	-	<b>(78.4)</b>	-	<b>(78.4)</b>	<b>(78.4)</b>

#### Loans and advances to banks:

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

#### Other assets:

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

#### Other liabilities:

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

### 19. Credit Risk

The Company is exposed to credit risk via cash and cash equivalents, derivative assets, amounts due from other Group entities and other receivables. The Company's ability to meet its payments relies upon the receipt of these assets.

The maximum credit risk exposure as at 31 December 2022 is as follows:

	As at 31 December 2022 £m	As at 31 December 2021 £m
Cash and cash equivalents	25.6	28.1
Derivative assets	20.4	-
Amounts due from other Group entities	146.7	105.3
Other receivables	5.7	1.5
	<b>198.4</b>	<b>134.9</b>

No impairment has been recognised in respect of any financial assets, and no financial assets were past due.

## Notes to the financial statements (continued)

### 20. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 December 2022			As at 31 December 2021		
	< 12	> 12	Total	< 12	> 12	Total
	months	months		months	months	
	£m	£m	£m	£m	£m	£m
<b>Assets</b>						
Loans and advances to banks	25.6	-	25.6	28.1	-	28.1
Other assets	169.1	2.9	172.0	116.2	4.8	121.0
Derivative assets	0.5	19.9	20.4	-	-	-
Current tax receivables	10.6	-	10.6	2.6	-	2.6
Deferred tax	-	0.5	0.5	-	0.3	0.3
Property and equipment	-	12.4	12.4	-	15.4	15.4
Intangible assets	-	0.9	0.9	-	20.5	20.5
Investment in subsidiaries	-	2.5	2.5	-	2.5	2.5
<b>Total assets</b>	<b>205.8</b>	<b>39.1</b>	<b>244.9</b>	<b>146.9</b>	<b>43.5</b>	<b>190.4</b>
<b>Liabilities</b>						
Other liabilities	(74.0)	(9.2)	(83.2)	(69.3)	(9.2)	(78.5)
Provisions	(0.4)	(1.8)	(2.2)	(0.4)	(1.8)	(2.2)
<b>Total liabilities</b>	<b>(74.4)</b>	<b>(11.0)</b>	<b>(85.4)</b>	<b>(69.7)</b>	<b>(11.0)</b>	<b>(80.7)</b>

### 21. Controlling party and consolidation

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

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

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

27 Esplanade  
St Helier  
Jersey  
JE1 1SG

### 22. Contingent liabilities and commitments

The Company had capital expenditure commitments contracted with third parties but not provided for of £0.2m as at 31 December 2022 (2021: £0.3m).

The Company has considered the appeal at the Supreme Court in the case of Target Group Ltd v HMRC (2021) EWCA Civ 1043 and has assessed its potential annual impact on the Company's performance to be immaterial should the Supreme Court uphold the original decision.

## Notes to the financial statements (continued)

### 23. Related party disclosures

#### Transactions with directors and key management personnel

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Total emoluments	8.1	7.5
Total pension contributions	-	-
Highest paid key management personnel	2.4	2.0
Highest pension contribution to key management personnel	-	-

#### Transactions with other related parties

	Year ended 31 December 2022 £m	As at 31 December 2022 £m	Year ended 31 December 2021 £m	As at 31 December 2021 £m
Amounts owed to Group entities	n/a	(18.9)	n/a	(15.8)
Amounts owed from Group entities	n/a	146.7	n/a	105.3
Interest paid to Group entities	-	n/a	(2.4)	n/a
Interest received from Group entities	0.3	n/a	-	n/a
Other operating expenses paid to related parties	(0.2)	n/a	(0.1)	n/a
Personnel expenses recharged to related parties	(0.6)	n/a	(0.3)	n/a
Receivables due from related parties	n/a	0.2	n/a	0.1
Servicing fee income	435.1	n/a	375.0	n/a
Servicing fee expense	(14.2)	n/a	(6.1)	n/a

The Company receives servicing fees from other Group entities in connection with servicing of the credit card portfolios. The Company also pays a servicing fee to NewDay Ltd for credit card administration.

The other operating expenses paid to and receivables due from related parties relate to a trading agreement with Pay4Later Limited, a sister company of NewDay Group (Jersey) Limited.

In October 2022, as part of a wider NewDay Group strategy, the Company agreed to transfer certain intangible assets with a carrying value of £29.9m to NewDay Technology Ltd. The assets were transferred at the carrying value and this resulted in an amount receivable from NewDay Technology Ltd for this amount. Interest income from this receivable amounted to £0.3m. Following the asset transfer, the Company and NewDay Technology Ltd entered into a licence and services agreements. Licence fees paid, included within servicing costs, and servicing fees received, included within other servicing fee income, for the year ended 31 December 2022 amounted to £6.5m (2021: £nil) and £11.9m (2021: £nil), respectively.