

amigo

Moving forward
responsibly

Amigo Management Services Ltd

Financial statements for the year ended
31 March 2022

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COMPANIES HOUSE

Our purpose

We're here to provide those with few options to borrow the opportunity to achieve financial mobility.

Our vision

To break down the barriers to financial inclusion, creating a community where people are rewarded and empowered to achieve financial mobility.

Our values

1

We put customers first

**We are passionate about making borrowing possible.
We help each other to thrive.**

2

We are human

**We are welcoming and embrace diversity.
We respect and listen to each other.**

3

We act with integrity

We are open and honest. We aim to do what is right and fair. Always.

4

We own the outcome

**We find solutions and deliver excellence.
We question and challenge the status quo.**

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Strategic Report

Business review

The Company is the service company for Amigo Loans Ltd, a fellow Amigo Holdings PLC Group company. The business review below relates to the Amigo Holdings PLC Group.

Operational headlines

- Throughout the year, the Board pursued a Scheme of Arrangement ("Scheme") to deliver the best possible outcome to Scheme creditors as it sought to address Amigo's historical lending complaints liability. The Board's preferred Scheme, the New Business Scheme ("NBS"), was sanctioned by the High Court, after year end, in May 2022.
- The "preferred" outcome under the NBS is contingent on lending restarting within nine months of the Scheme effective date, 26 May 2022, and Amigo completing a successful equity raise within twelve months.
- Following FCA approval to return to lending on a pilot basis, Amigo has launched a new guarantor loan as well as an unsecured loan product which feature dynamic pricing to encourage and reward on-time payment with lower rates and penalty-free annual payment holidays. The new products have been released under the RewardRate brand, representing a new start for the business.
- Under the terms of the NBS, Amigo will make a cash contribution of at least £97m from internally generated resources, of which £60m was paid into the Scheme fund in June 2022 and £37m is due to be paid by 26 February 2023. A further contribution of at least £15m has been committed, being part of the proceeds from a new equity and capital raise.
- Details of a new capital raise are expected to be announced in the second half of the current calendar year. The NBS requires Amigo to issue at least 19 new shares for every existing share in issue, resulting in a significant dilution for existing shareholders who are unable or do not want to take up their rights entitlements or sell their entitlements in the market.
- Whilst the quantum of the fundraising has not yet been determined, we are cognisant that minimising the equity raised by utilising higher gearing will make it more feasible for existing shareholders to participate in any rights issue. Amigo will publish equity raise specifics as well as detail of its future business plan and new lending performance ahead of a shareholder vote to approve the raise.
- The FCA investigations initiated in 2020 and 2021, into Amigo's creditworthiness assessment and complaints handling respectively, are ongoing.



"The rewarding way to borrow."

Personal loans and guarantor loans

- £2,000-£5,000.
- 2-4 year terms.
- Dynamic APR starting at 49.9%/39.9% with the ability to drop rate and monthly repayments if payments are made on time.
- Annual, interest-free, payment holiday.
- Digital application with open banking technology.

Our customer-focused outcomes

Everything we do is designed with customer outcomes in mind.

Opportunity

Customers with few or no options to borrow have access to fair, affordable and responsible loans that meet their needs.

Financial wellness

Customers are empowered and provided with tools and education to help improve their financial wellbeing.

Flexibility

Customers are provided with flexibility and enhanced support that meet their individual needs and accounts for any potential vulnerability.

Customer experience

Customers are provided with an exceptional customer experience and are assured their needs are put first.

Strategic Report

Financial headlines

Despite the sanctioning of the Scheme, the Board has concluded that a material uncertainty over going concern remains (see note 1 to the financial statements for further information). However, the Board considers that it is appropriate to prepare these financial statements on a going concern basis, as the sanction of the Scheme and the potential to successfully meet the Scheme conditions provide a realistic alternative to insolvency.

- Amigo Management Services Ltd revenue has declined by 45.6% to £22,213k (from £40,817k.), driven by a reduction in staff costs. Revenue comprises of servicing fee income which is derived from charges to Amigo Loans Ltd in relation to catering services, shared costs, staff costs, securitisation fee and other costs incurred on its behalf.

- Statutory profit before tax in the year was £1,007k (2021: loss of (£4,266k)) this is due to reduced operating expenses including decreased marketing expenses. Statutory profit after tax in the year was £615k versus the prior year loss after tax of (£4,368k).



Focus area:

Scheme of Arrangement update

Why is Amigo using a Scheme of Arrangement ("Scheme")?

A Scheme of Arrangement ("Scheme") is a Court-approved process which allows a company to enter into a compromise or arrangement with its creditors.

Customers have made complaints about Amigo's past lending, including that we did not assess affordability adequately at the time the loan was taken out or when the guarantee was provided. By using a Scheme, Amigo believes it will be able to provide more cash compensation to these customers for their valid claims than they would get in an insolvency process, which is the alternative to the Scheme.

What is now required for the New Business Scheme to deliver?

The New Business Scheme was approved by creditors in a vote on 12 May 2022 and subsequently sanctioned by the High Court and became effective on 26 May 2022.

There are two important conditions that need to be met for our New Business Scheme to proceed.

The conditions are as follows:

1. Amigo resumes lending within nine months of the Scheme effective date

2. Amigo completes a 19:1 capital raise within twelve months of the Scheme effective date

On 13 October 2022, FCA approval for a return to lending was received. Amigo commenced lending on a pilot basis in October 2022. Following the end of the pilot lending phase, the FCA will consider the impact on consumers of Amigo returning to lending on a wider scale, and whether the results of the outcomes testing demonstrate that Amigo is able to continue to meet FCA expectations.

If these conditions are not met:

In these circumstances, Amigo will revert to a Wind-Down Scheme, in which the Amigo Loans Ltd business will be wound down. Cash payments to creditors will be distributed from the remaining assets after operating costs and repayment of existing debt financing arrangements.

Strategic Report

Financial key performance indicators

Amigo Management Services is the service company for Amigo Loans Ltd, part of the Amigo Holdings PLC Group. The Company's strategy is to promote the Amigo brand and provide the necessary services for Amigo Loans Limited to make and collect customer loans. Whilst the Company continues to track a range of financial and non-financial measures, it uses the following KPI's to gauge progress:

Average monthly number of employees	Description Represents the average number of employees employed by the Company during the year.	Performance Average employee numbers in the current year decreased by 39.4% to 248 (2021: 409) as compared to prior year, reflecting the execution of the restructuring process during the year, which was announced in the prior year, on 25 February 2021 and 31 March 2021.
Revenue ('000)	Description Revenue comprises of servicing fee income which is derived from charges to Amigo Loans Ltd in relation to catering services, shared costs, staff costs, securitisation fee and other costs incurred on its behalf.	Performance As a result of decreased operating costs revenue has declined by 45.6% to £22,213k from £40,817k.
Operating cost: income ratio (excluding complaints) (%)	Description The Company defines operating cost: income ratio as operating expenses excluding complaints and items deemed by the Company to be exceptional, divided by revenue.	Performance The cost: income ratio has increased to 92.8% from 89.7%, driven by the reduction in revenue.
Statutory profit/(loss) before tax ('000)	Description This KPI represents statutory (loss)/profit before tax and is one of the measures used to review performance in the year within the business.	Performance Statutory profit before tax in the year was £1,007k (2021: loss of (£4,266k)) this is primarily due to reduced operating expenses in the current year.
Statutory profit/(loss) after tax ('000)	Description This KPI represents statutory (loss)/profit after tax and is reviewed in conjunction with adjusted loss/profit after tax within the business.	Performance Statutory profit after tax in the year was £615k versus the prior year loss after tax of (£4,368k).

Strategic Report

RISK MANAGEMENT

Overview

Good risk management is at the core of what we do. Faced with a complex operating environment and significant uncertainty, we have focused upon building a stronger and more adaptable risk management capability. This enables us to better navigate our way forward, making timely decisions that achieve the right outcomes in a controlled and effective way. Our approach is founded upon a risk management framework, articulated risk appetites and supporting policies and procedures that help us manage risks in a resilient manner. Training and awareness is targeted to embed behaviours that support the identification and escalation of risks and issues that threaten the delivery of desired outcomes. The Board is ultimately responsible for our risk management framework and its effectiveness. The Board works together with senior management to promote a responsible culture of risk management by emphasising the importance of balancing risk with profitability and growth in decision making, whilst also ensuring compliance with regulatory requirements and internal policies. At Amigo, every employee is empowered to make risk-aware, purposeful decisions.

This has been a difficult year for Amigo in facing up to existential risks. With the Scheme of Arrangement sanctioned in May 2022, the survival of our business is now dependent upon the restart of lending, the resolution of the outstanding FCA enforcement action and the completion of a successful capital raise.

Three lines of defence

Amigo uses a three lines of defence model to both structure its operational risk management framework and to give oversight of its effectiveness. This helps us define clear priorities, roles and responsibilities.

- Business units and functions
- Self-assurance teams

First line of defence

This is where day-to-day decisions are made. Business teams identify and track risks, managing and resolving any issues found.

- Risk and compliance functions
- Compliance monitoring team

Second line of defence

Amigo's Chief Risk Officer has dedicated teams that monitor and challenge the first line to ensure risks are identified and managed effectively on an ongoing basis.

- Internal Audit function
- Trusted external subject matter experts

Third line of defence

Trusted third parties undertake regular independent assurance on key risks and controls. This gives confidence over first and second line risk management.

Strategic Report

Our risks

Our principal risks

Principal risks are those that can seriously affect performance, future prospects or reputation of the Company. Our risk profile is reviewed regularly at all levels in the organisation to keep us risk aware and decision making aligned to appetite.

Each principal risk has a defined appetite which sets out the baseline level of risk that we are willing to accept. The risk appetite takes into consideration the level of risk exposure and our strategic goals.

Our assessment over this period has remained relatively static with conduct and balancing stakeholder expectations remaining a core focus as we resolve our legacy issues and work to meet regulatory commitments ahead of new lending.



Strategic Report



Conduct

Risk appetite

Amigo has a low appetite for action or inaction that leads to customer harm and failure to pay due regard to the particular needs and circumstances of individual customers in our lending decisions and post-sale activities.

Risk drivers and threats

Amigo recognises that the vulnerability of its target market poses higher than average conduct risks.

We are mindful of the impact of increasing inflation and the cost of living on borrowers which will put additional strain on customer finances and affordability.

While there were concerns around the effect of Covid-19 on customers and their financial circumstances, impact was minimised through Amigo's support of government initiatives.

Key mitigating actions

Amigo continues to put effort into improving its conduct risk management approach in parallel with resolving its legacy lending issues. A new culture framework has been developed and will further drive our customer-oriented mindset. We continue to prepare for the new Consumer Duty requirements.

Any new lending will have a strong focus on affordability and identification of vulnerability. Amigo continues to provide ongoing support to vulnerable customers, including forbearance and access to specialised debt support.



Operational

Risk appetite

Amigo takes a proportionate approach to operational risks, balancing the need to provide resilient operational performance with the need to remain nimble, refining our operations in a continually changing environment. Amigo aims to have the quantity and quality of people necessary to meet its objectives at all times and to maintain its performance in case of unexpected loss of key personnel.

Risk drivers and threats

Operational resilience has been stable over the last twelve months with no significant disruptions to operations. While approval of the Scheme has increased the certainty of Amigo's future, the people risk and potential for attrition will remain until lending resumes. Third-party risk remains as we have reliance on some key suppliers. The risk of cyber attacks continues to be a threat across all industries.

Key mitigating actions

Amigo partners with trusted third-party cyber experts to manage evolving cyber risks. We continue to build trusted relationships with our suppliers and ensure our resilience capabilities extend across our third-party managed services. We are also engaging with a number of independent specialists to support identification of areas of weakness.



Regulatory

Risk appetite

Amigo is in a sector (financial services) and sub-sector (alternative finance) that are inherently subject to significant regulatory risk, but we take all reasonable steps to reduce that risk as it applies to us.

Risk drivers and threats

Amigo has maintained a constructive and open relationship with the Financial Conduct Authority and other regulators and agencies. During this period, the FCA did not object to the Scheme of Arrangement and has agreed that Amigo could return to lending subject to certain conditions being met. The FCA's enforcement investigations remains open.

Key mitigating actions

Amigo continues to work closely with all regulatory stakeholders to effectively execute the Scheme of Arrangement and restart lending in a responsible fashion.

Strategic Report



Strategic

Risk appetite

Amigo maintains a simple strategy, focusing on maintaining its position and leading execution in the guarantor loans space while exploring adjacent niches which can be developed using our specialised capabilities if they prove promising.

Risk drivers and threats

A number of competitor firms which provide mid-cost finance to retail customers have gone into administration in the past year. This has created a gap in the market that Amigo intends to fill with its new proposition. The introduction of a Consumer Duty for firms by the FCA is a further opportunity for Amigo to differentiate itself.

Key mitigating actions

A return to lending with a continuous focus on conduct and regulatory compliance.



Treasury

Risk appetite

Amigo operates its treasury function to support the growth of its lending business. Treasury is not a profit centre and avoids or hedges any material risk.

Risk drivers and threats

Amigo has paid off a substantial proportion of its outstanding senior secured notes in this period.

Key mitigating actions

Maintaining a liquidity buffer remains a priority as we seek to restart lending.



Credit

Risk appetite

Amigo is a mid-cost lender, and we take a degree of credit risk that is consistent with our pricing. Our lending is to customer segments we understand well. We also engage on a controlled basis in pilot lending, testing new segments that we think are appropriate for our product. Amigo does not have an appetite for material wholesale credit risk or other credit risk outside its lending business.

Risk drivers and threats

The existing loan book continues to perform in line with expectations.

Key mitigating actions

Ongoing monitoring of credit risk and preparation for relending.

Director's Report

Going concern

The Directors of Amigo Management Services Ltd have made an assessment in preparing these financial statements as to whether the Company is a going concern. The ability of the Company to continue as a going concern is dependent on the ability of the group to continue as a going concern. References to the "Amigo Group" below includes Amigo Holdings PLC, the ultimate parent company, and its subsidiaries.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for a period of twelve months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds, and if required can obtain additional funding from its fellow subsidiary company, Amigo Loans Limited, to meet its liabilities as they fall due for that period.

Amigo Loans Ltd has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Amigo Holdings Plc Group year end results as at 31 March 2022 indicate that a material uncertainty exists over its ability to continue as a going concern. This stems from the possibility of Amigo Loans Limited being wound up if either of the conditions under the Scheme of Arrangement are not fulfilled. The following basis of preparation wording has been included in the Group accounts which explains this in more detail:

"In determining the appropriate basis of preparation for these financial statements, the Board has undertaken an assessment of the Group and Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. This has taken into account the Group's business plan and the principal risks and uncertainties facing the Group, including the success of the Scheme of Arrangement ("the Scheme"). The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

Following the sanctioning by the High Court on 26 May of the Scheme of Arrangement ("the Scheme") the Group now has a clear path to returning to lending over the next twelve months. Failure to meet the conditions of the Scheme however remains a key risk faced by the Group. The relevant conditions are:

- approval before 26 February 2023 by the Financial Conduct Authority for Amigo to resume lending;
- issuance and sale of at least 19 shares for every 1 share in issue before 26 May 2023

On 13 October 2022, FCA approval for a return to lending was received. Amigo commenced lending on a pilot basis in October 2022. Following the end of the pilot lending phase, the FCA will consider the impact on consumers of Amigo returning to lending on a wider scale, and whether the results of the outcomes testing demonstrate that Amigo is able to continue to meet FCA expectations. Amigo is limited to a maximum of £35.0m cumulative net originations until successful completion of the required dilutory share issue and payment of a further £15.0m into the Scheme. Failure to meet the Scheme conditions represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business.

Should either of these conditions remain unsatisfied within the required timeframes, under the terms of the Scheme the business will revert to a managed wind-down and neither the Group nor Company will be a going concern. Projections show the business has sufficient resources for a solvent wind-down in this context.

However, the Directors have a reasonable expectation that these conditions can be met and, therefore, have modelled a 'Base scenario' and 'Severe but plausible downside Scheme scenario' which the Directors believe are realistic alternatives to the managed wind-down scenario.

Base scenario - business plan assumptions

The Base scenario assumes that:

- the conditions of the Scheme (explained above) are met in the required timescales, with FCA approval to commence re-lending being received

Director's Report

- balance adjustments resulting from complaints in the Scheme are consistent with the assumptions that underpin the complaints provision reported as at 31 March 2022 (see note 2.2.2)
- at least the minimum committed amount of £112m is paid out as cash redress in the Scheme, being £97m from existing resources and future collections plus an additional £15m following the equity raise
- new lending originations commence as soon as possible
- collections on the existing loan book continue in line with recent experience

This scenario indicates that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

Severe but plausible downside Scheme scenario

The Directors have prepared a severe but plausible downside scenario. This assumes the conditions of the Scheme are met and also that the Group is able to successfully obtain new debt financing to enable it to repay its non-current borrowings as they fall due in January 2024, but considers the potential impact of:

- an increased number of upheld complaints. Whilst this sensitivity does not increase the cash liability, which is capped under the Scheme, the number of customers receiving balance write downs will increase, thus reducing future collections and adversely impacting the Group's liquidity position.
- increased credit losses as a result of the cost of living crisis and the inability of an increased number of the Group's customers to continue to make payments.
- halving of forecast origination volumes, whether arising due to delays in new product launch or market conditions.
- halving of new equity funding raised (whilst still meeting the dilution conditions of the Scheme)

This severe but plausible downside Scheme scenario indicates that the Group's available liquidity headroom would reduce but would be sufficient to enable the Group to continue to settle its liabilities as they fall due for at least the next twelve months.

FCA investigation

The Group is currently under investigation by the FCA in relation to historical lending and complaints management processes. We are hopeful that the outcome of these investigations will be known within the next twelve months. If the enforcement process is not completed within twelve months, then Amigo could fail to comply with one of the Scheme conditions and is likely to revert to the fallback solution or some form of insolvency.

There are a number of avenues of sanction open to the FCA should it deem it appropriate and so the potential impact of the investigation on the business is extremely difficult to predict and quantify, so has not been provided for in the financial statements and is not modelled in the business plan or stress scenario. In mitigation, the FCA has stated that the levying of any fine would be considered in the context of the Scheme and its impact on creditors. However, if the FCA were to impose a significant fine it would significantly reduce the Group's available liquidity headroom and the Group may potentially need to source additional financing to maintain adequate liquidity and to continue to operate.

Conclusion

Approval by the High Court of the Scheme provides the Group with a clear path to return to lending under a business plan which has been the subject of extensive external scrutiny as a result of the Court process. Based on the severe but plausible scenario the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operation for at least the next twelve months. Accounting standards require an entity to prepare financial statements on a going concern basis unless the Board either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. Accordingly, the Board believes that it remains appropriate to prepare the financial statements on a going concern basis.

However, the Board also recognises that at the date of approval of these financial statements significant uncertainty remains. The Scheme requires the meeting of conditions, being approval for a return to lending before 26 February 2023 and issuance and sale of at least 19 shares for every 1 share in issue before 26 May 2023. Additionally, the successful delivery of the Group's business plan depends on raising sufficient equity and/or debt funding and the final outcome of the FCA investigations remains highly uncertain. These conditions are outside of the control of the Group. These matters indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt over the Group and Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. "

Company conclusion

Based on the above situation in the Group, the Directors believe that it remains appropriate to prepare the financial statements of the Company on a going concern basis. However, the Directors also recognise that, at the date of approval of these financial

Director's Report

statements, significant uncertainty remains. Subsequent to the signing of the Group accounts, FCA approval for Amigo Loans Limited to return to lending on a pilot basis has now been received. Full approval is required before the Scheme deadline of 26 February 2023. The Scheme also requires the issuance and sale of at least 19 shares for every 1 share in issue, by the parent company, Amigo Holdings PLC, before 26 May 2023. If the conditions of the Scheme are not met then the Directors of Amigo Loans Limited would be forced to wind down Amigo Loans Limited. If Amigo Loans Limited is wound down, the Directors of Amigo Management Services Ltd would also anticipate the winding down of Amigo Management Services Ltd. Failure to meet the Scheme conditions represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Directors

The Directors who served during the year, and up to the date of approval of these financial statements were:

Gary Jennison (resigned on 23 September 2022)

Nicholas Beal

Michael Corcoran (appointed on 11 November 2020, resigned on 19 February 2022)

Results and dividends

Profit for the period, after taxation, amounted to £615k (2021: loss of £4,368k).

The Company did not pay a dividend in the period (2021: nil). In light of the continued solvency issues facing the Company given the costs of resolving the complaints issues over the full year results to 31 March 2022, the Board decided that it is prudent to conserve capital in the business and did not recommend a final dividend.

Going concern

As described on pages 8 to 9, the Board has undertaken an appropriate review of the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. This has taken into account the Company's business plan and the principal risks and uncertainties facing the Company, including the success of the Scheme of Arrangement (Scheme).

Political donations

The Company did not make any political donations, or incur any political expenditure (each as defined by the Companies Act 2006) in the UK or elsewhere in the year ended 31 March 2022 (2021: £nil).

Equal opportunities

The Company have an equal opportunities policy which is followed by all Directors, Executive Committee and employees, and which ensures the Company employs a diverse workforce with regards to aspects such as age, gender, educational and professional backgrounds. The objectives of the policy include ensuring that: recruitment criteria and procedures are designed to ensure that individuals are selected solely based on their merits and abilities; employment practices are regularly reviewed in order to avoid unlawful discrimination; and training is provided to ensure compliance with the policy.

Matters covered in the strategic report

Key performance indicators and a business review for the year ended 31 March 2022 are disclosed in the Strategic Report as required by s414C(11) of Companies Act 2006.

Directors' indemnities and insurance

The Directors have the benefit of a qualifying third-party indemnity from the Company as permitted by the Company's Articles of Association (the terms of which are in accordance with the Companies Act 2006). At the year ended 31 March 2022, the Company had in place directors' and officers' liability insurance.

Director's Report

Disclosure of information to auditor

The Directors in office at the date of this report have each confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Given the changes to the business since the original tender and appointment, it is appropriate for both KPMG and the Company to reconsider the audit of the Company. KPMG will not be offering themselves for re-election at the AGM of Amigo Holdings plc due to be held on 28 September 2022.

The auditor, MHA MacIntyre Hudson, has been appointed in accordance with section 485 of the Companies Act 2006 as the statutory auditor for financial periods commencing on or after 1 April 2022.

Section 172 Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

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

The Directors consider these factors in discharging their duties under section 172. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way. Further details of how the Amigo Group considers these factors can be found in the Annual Report of Amigo Holdings Plc.

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



Nicholas Beal
Director

21 December 2022

Director's Report

Statement of Directors' responsibilities in respect of the Strategic Report, 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



Nicholas Beal
Director
21 December 2022

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMIGO MANAGEMENT SERVICES LIMITED

Opinion

We have audited the financial statements of Amigo Management Services Limited ("the Company") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of financial position, Statement of Changes in Equity and Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the ability of Amigo Holdings PLC, the ultimate parent company, and its subsidiaries ("the Group") and Company to continue as a going concern is dependent on the FCA granting the Group permission to commence relending before 26 February 2023, the ultimate parent company completing a successful 19:1 share issue before 26 May 2023, the Group raising sufficient equity and/or debt funding in order to successfully deliver its business plan, and the severity of any sanction arising from the ongoing FCA investigation.

These events and conditions along with the other matters explained in note 1, constitute a material uncertainty that may cast a significant doubt on the Company's and Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, reviewing internal audit reporting 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 and other executive committee meeting minutes.
- considering remuneration incentive schemes and performance targets for management and Directors including share-based payments for management remuneration.
- using analytical procedures to identify any unusual or unexpected relationships.
- using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group.
- Inspecting correspondence with regulators to identify instances or suspected instances of fraud.
- Reviewing the audit misstatements from prior period to identify fraud risk factors.

Independent Auditor's Report

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group 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 of the nature of the Company's revenue streams i.e., the revenue transactions are non-complex in nature involving minimal management judgement.

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 Group's regulatory correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with 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 or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: conduct and regulatory risk, anti-bribery, anti-money laundering and certain aspects of Company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

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.

For the ongoing FCA investigation matters discussed in Note 1 we assessed disclosures against our understanding from regulatory correspondence and discussions with the Board and management.

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

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 13, 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.

Independent Auditor's Report

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.



Nicholas Edmonds

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15, Canada Square,

Canary Wharf

London

E14 5GL

21 December 2022

Statement of Comprehensive Income

		Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
Revenue	Notes 3	22,213	40,817
Interest payable		(44)	(22)
Impairment of operating intercompany balances	18	-	(4,049)
Operating expenses	4	(20,619)	(36,630)
Impairment of investment in subsidiaries		(543)	(4,382)
Profit/(loss) before tax		1,007	(4,266)
Tax on profit/(loss)	7	(392)	(102)
Profit/(loss) after tax attributable to equity shareholders of the Company		615	(4,368)

The accompanying notes form part of these financial statements.

The profit/(loss) is derived from continuing activities.

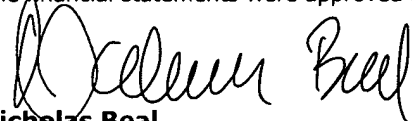
Statement of Financial Position

	Notes	Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
Non-current assets			
Property, plant and equipment	9	490	1,049
Right-of-use lease asset	14	767	997
Intangible assets	10	29	44
Deferred tax asset	8	-	-
		1,286	2,090
Current assets			
Other receivables	12	1,033	1,698
Cash and cash equivalents (restricted) ¹		570	-
Cash at bank and in hand		778	1,284
		2,381	2,982
Total assets		3,667	5,072
Current liabilities			
Trade and other payables	13	(6,163)	(6,505)
Restructuring provision	16	-	(1,003)
Lease liabilities	14	(298)	(286)
		(6,461)	(7,794)
Non-current liabilities			
Lease liabilities	14	(613)	(911)
		(613)	(911)
Total liabilities		(7,074)	(8,705)
Net (liabilities)		(3,407)	(3,633)
Equity			
Share capital	15	-	-
Retained (losses)		(3,407)	(3,633)
Shareholder equity		(3,407)	(3,633)

The accompanying notes form part of these financial statements.

¹ Cash and cash equivalents (restricted) of £570k (2021:£nil) represents cash collateral held to support credit card lines and card collections infrastructure.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



Nicholas Beal

Director

Company no. 05391984

21 December 2022

Statement of Changes in Equity

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 31 March 2020	-	412	412
Total comprehensive loss	-	(4,368)	(4,368)
Share-based payments	-	323	323
At 31 March 2021	-	(3,633)	(3,633)
Total comprehensive profit	-	615	615
Share-based payments	-	(389)	(389)
At 31 March 2022	-	(3,407)	(3,407)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

	Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
Profit/(loss) for the period	615	(4,368)
Adjustments for:		
Restructuring expense	-	1,003
Impairment of operating intercompany balances	-	4,048
Tax charge	392	102
Share-based payment	(389)	323
Interest expense	44	22
Gain on sale of Fixed Assets	(34)	-
Depreciation of property, plant and equipment	534	842
Amortisation of intangible assets	15	21
Depreciation of right-of-use assets	230	229
Operating cash flows before movements in working capital	1,407	2,222
(Increase)/decrease in receivables	(193)	108
Decrease in payables	(2,108)	(1,747)
Decrease in ROU asset/ (lease liability)	-	506
(Increase) in inventory	-	(2)
(Proceeds from)/repayment of intercompany balances	1,228	(348)
Net cash generated from operating activities	334	739
Investing activities		
Intangible asset acquisition	-	(38)
Proceeds from sale of property, plant & equipment	64	-
Purchases of property, plant and equipment	(4)	(401)
Net cash from/(used in) investing activities	60	(439)
Financing activities		
Lease principal payments	(286)	(243)
Interest paid	(44)	(22)
Net cash used in financing activities	(330)	(265)
Net increase in cash and cash equivalents	64	35
Cash and cash equivalents at beginning of period	1,284	1,249
Cash and cash equivalents at end of period	1,348¹	1,284

The accompanying notes form part of these financial statements.

¹ Total cash is inclusive of cash and cash equivalents (restricted) of £570k (2021:£nil).

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation of financial statements

Amigo Management Services Ltd (the "Company") is a company limited by shares, incorporated and domiciled in the United Kingdom and its registered office is Nova Building, 118-128 Commercial Road, Bournemouth, United Kingdom BH2 5LT.

The principal activity of the Company is to act as the servicing company for Amigo Loans Ltd. Both Amigo Loans Ltd and Amigo Management Services Ltd are subsidiaries of Amigo Loans Holdings Ltd which in turn is a subsidiary of Amigo Holdings PLC.

These financial statements have been prepared on a going concern basis and approved by the Directors in accordance with UK-adopted International Financial Reporting Standards ("IFRS"). There has been no departure from the required IFRS standards.

The presentation currency of the Company is GBP, the functional currency of the Company is GBP and these financial statements are presented in GBP. All values are stated in £ thousands (£'000) except where otherwise stated.

In preparing the financial statements, the Directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of the Company's accounting policies. See note 2 for further details.

These financial statements have been prepared under the historical cost convention, except for financial instruments measured at amortised cost or fair value.

The Company's principal accounting policies under IFRS, which have been consistently applied to all years presented, unless otherwise stated, are set out below.

The Company financial statements for the year ending 31 March 2022 were approved by the Board of Directors on 21 December 2022.

Going concern

The Directors of Amigo Management Services Ltd have made an assessment in preparing these financial statements as to whether the Company is a going concern. The ability of the Company to continue as a going concern is dependent on the ability of the Group to continue as a going concern. References to the "Amigo Group" below includes Amigo Holdings PLC, the ultimate parent company, and its subsidiaries. The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for a period of twelve months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds, and if required can obtain additional funding from its fellow subsidiary company, Amigo Loans Limited, to meet its liabilities as they fall due for that period.

Amigo Loans Ltd has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Amigo Holdings Plc Group year end results as at 31 March 2022 indicate that a material uncertainty exists over its ability to continue as a going concern. This stems from the possibility of Amigo Loans Limited being wound up if either of the conditions under the Scheme of Arrangement are not fulfilled. The following basis of preparation wording has been included in the Group accounts which explains this in more detail:

"In determining the appropriate basis of preparation for these financial statements, the Board has undertaken an assessment of the Group and Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. This has taken into account the Group's business plan and the principal risks and uncertainties facing the Group, including the success of the Scheme of Arrangement ("the Scheme"). The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

Following the sanctioning by the High Court on 26 May of the Scheme of Arrangement ("the Scheme") the Group now has a clear path to returning to lending over the next twelve months. Failure to meet the conditions of the Scheme however remains a key risk faced by the Group. The relevant conditions are:

- approval before 26 February 2023 by the Financial Conduct Authority for Amigo to resume lending;
- issuance and sale of at least 19 shares for every 1 share in issue before 26 May 2023

Notes to the financial statements

Should either of these conditions remain unsatisfied within the required timeframes, under the terms of the Scheme the business will revert to a managed wind-down and neither the Group nor Company will be a going concern. Projections show the business has sufficient resources for a solvent wind-down in this context.

However, the Directors have a reasonable expectation that these conditions can be met and, therefore, have modelled a 'Base scenario' and 'Severe but plausible downside Scheme scenario' which the Directors believe are realistic alternatives to the managed wind-down scenario.

Base scenario - business plan assumptions

The Base scenario assumes that:

- the conditions of the Scheme (explained above) are met in the required timescales, with FCA approval to commence re-lending being received
- balance adjustments resulting from complaints in the Scheme are consistent with the assumptions that underpin the complaints provision reported as at 31 March 2022 (see note 2.2.2)
- at least the minimum committed amount of £112m is paid out as cash redress in the Scheme, being £97m from existing resources and future collections plus an additional £15m following the equity raise
- new lending originations commence as soon as possible
- collections on the existing loan book continue in line with recent experience

This scenario indicates that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

Severe but plausible downside Scheme scenario

The Directors have prepared a severe but plausible downside scenario. This assumes the conditions of the Scheme are met and also that the Group is able to successfully obtain new debt financing to enable it to repay its non-current borrowings as they fall due in January 2024, but considers the potential impact of:

- an increased number of upheld complaints. Whilst this sensitivity does not increase the cash liability, which is capped under the Scheme, the number of customers receiving balance write downs will increase, thus reducing future collections and adversely impacting the Group's liquidity position.
- increased credit losses as a result of the cost of living crisis and the inability of an increased number of the Group's customers to continue to make payments.
- halving of forecast origination volumes, whether arising due to delays in new product launch or market conditions.
- halving of new equity funding raised (whilst still meeting the dilution conditions of the Scheme)

This severe but plausible downside Scheme scenario indicates that the Group's available liquidity headroom would reduce but would be sufficient to enable the Group to continue to settle its liabilities as they fall due for at least the next twelve months.

FCA investigation

The Group is currently under investigation by the FCA in relation to historical lending and complaints management processes. We are hopeful that the outcome of these investigations will be known within the next twelve months. If the enforcement process is not completed within twelve months, then Amigo could fail to comply with one of the Scheme conditions and is likely to revert to the fallback solution or some form of insolvency.

There are a number of avenues of sanction open to the FCA should it deem it appropriate and so the potential impact of the investigation on the business is extremely difficult to predict and quantify, so has not been provided for in the financial statements and is not modelled in the business plan or stress scenario. In mitigation, the FCA has stated that the levying of any fine would be considered in the context of the Scheme and its impact on creditors. However, if the FCA were to impose a significant fine it would significantly reduce the Group's available liquidity headroom and the Group may potentially need to source additional financing to maintain adequate liquidity and to continue to operate.

Conclusion

Approval by the High Court of the Scheme provides the Group with a clear path to return to lending under a business plan which has been the subject of extensive external scrutiny as a result of the Court process. Based on the severe but plausible scenario the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operation for at least the next twelve months. Accounting standards require an entity to prepare financial statements on a going concern basis unless the Board either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. Accordingly, the Board believes that it remains appropriate to prepare the financial statements on a going concern basis.

Notes to the financial statements

However, the Board also recognises that at the date of approval of these financial statements significant uncertainty remains. The Scheme requires the meeting of conditions, being approval for a return to lending before 26 February 2023 and issuance and sale of at least 19 shares for every 1 share in issue before 26 May 2023. Additionally, the successful delivery of the Group's business plan depends on raising sufficient equity and/or debt funding and the final outcome of the FCA investigations remains highly uncertain. These conditions are outside of the control of the Group. These matters indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt over the Group and Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. "

Company conclusion

Based on the above situation in the Group, the Directors believe that it remains appropriate to prepare the financial statements of the Company on a going concern basis. However, the Directors also recognise that, at the date of approval of these financial statements, significant uncertainty remains. Subsequent to the signing of the Group accounts, FCA approval for Amigo Loans Limited to return to lending on a pilot basis has now been received. Full approval is required before the Scheme deadline of 26 February 2023. The Scheme also requires the issuance and sale of at least 19 shares for every 1 share in issue, by the parent company, Amigo Holdings PLC, before 26 May 2023. If the conditions of the Scheme are not met then the Directors of Amigo Loans Limited would be forced to wind down Amigo Loans Limited. If Amigo Loans Limited is wound down, the Directors of Amigo Management Services Ltd would also anticipate the winding down of Amigo Management Services Ltd. Failure to meet the Scheme conditions represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;

Revenue represents service fee income from sister company Amigo Loans Ltd.

1.3 Operating expenses

Operating expenses include all direct and indirect costs.

1.4 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

1.4.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

1.4.2 Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements

1.5 Property, plant and equipment ("PPE")

PPE is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of property, plant and equipment. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

• Leasehold improvements	10% straight line
• Fixtures and fittings	25% straight line
• Office equipment	50% straight line
• Computer equipment	50% straight line
• Motor vehicles	25% straight line

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income and retained earnings.

1.6 Intangible assets

Intangible assets are recognised at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised from the date they are available for use. Amortisation is charged to the statement of comprehensive income.

Acquired software costs incurred are capitalised and amortised on a straight-line basis over the anticipated useful life, which is normally four years.

Amortisation methods, useful lives and residual values are reviewed at each statement of financial position date.

1.7 Financial instruments

The Amigo Group primarily enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, the most significant being amounts receivable from customers, senior secured notes in the form of high yield bonds, loans from banks and other third parties and loans to related parties.

1.7.1 Financial assets

a) Other receivables

Other receivables relating to loans and amounts owed by parent and subsidiary undertakings are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value plus transaction costs and are measured subsequently at amortised cost using the effective interest method, less any impairment. Loans and amounts owed by parent and subsidiary undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest on such balances is accrued on an arm's length basis. The impact of ECLs on other receivables has been evaluated and it is immaterial.

b) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The impact of ECLs on cash has been evaluated and it is immaterial.

c) Derecognition

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

Notes to the financial statements

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

1.7.2 Financial liabilities

Debt instruments (other than those wholly repayable or receivable within one year), i.e. borrowings, are initially measured at fair value less transaction costs and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable within one year, typically trade payables, are measured initially and subsequently at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Short-term payables are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

1.8 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The Company financial statements are presented in Sterling, which is the Company's functional and presentational currency.

Transactions that are not denominated in the Company's functional currency are recorded at average exchange rate for the month. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the balance sheet date. Differences arising on translation are charged or credited to the income statement.

If a foreign operation were to be disposed of, the cumulative amount of the differences arising on translation recognised in other comprehensive income would be recognised in the income statement when the gain or loss on disposal is recognised.

1.9 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in other payables as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.10 Share-based payments

The Company grants options under employee savings-related share option schemes (typically referred to as Save As You Earn schemes ("SAYE") and makes awards under the Share Incentive Plans ("SIP") and the Long Term Incentive Plans ("LTIP"). All of these plans are equity settled.

The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding entry to retained earnings, net of deferred tax. The fair value of the share plans is determined at the date of grant. Non-market-based vesting conditions (i.e. earnings per share and absolute total shareholder return targets) are taken into account in estimating the number of awards likely to vest, which is reviewed at each accounting date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued.

Notes to the financial statements

The grant by the Company of options and awards over its equity instruments to the employees of subsidiary undertakings is treated as an investment in the Company's financial statements.

1.11 Restructuring provision

A restructuring is a program that materially changes the scope of a business or the manner in which it is conducted. Restructuring costs are recognised as soon as there is a present obligation (legal or constructive) resulting from a past event, and a reliable estimate of costs can be made.

The Company recognised a restructuring provision in respect of the expected cost of staff redundancies. Prior to the end of the year, the Amigo Group had announced the expected redundancies to those affected and started to implement the redundancy process.

1.12 Leases

IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the Group. Control is considered to exist if the Group has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset.

Where control, and therefore a lease, exists, a right-of-use asset and a corresponding liability are recognised for all leases where the Group is the lessee, except for short-term assets and leases of low-value assets. Short-term assets and leases of low-value assets are expensed to the consolidated statement of comprehensive income as incurred.

i) Lease liability

All leases for which the Group is a lessee, other than those that are less than twelve months in duration or are low value which the Group has elected to treat as exempt, require a lease liability to be recognised on the consolidated statement of financial position on origination of the lease. For these leases, the lease payment is recognised within administrative and operating expenses on a straight-line basis over the lease term. The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the incremental borrowing rate, as there is no rate implicit in the lease. This is defined as the rate of interest that the lessee would have to pay to borrow, over a similar term, and with similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The interest expense on the lease liability is to be presented as a finance cost.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease, using the effective interest rate method, and reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- the lease contract is modified and the modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

ii) Right-of-use asset

For each lease liability a corresponding right-of-use asset is recorded in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated amortisation and impairment losses, adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset, with the depreciation charge presented under administrative and operating expenses. The Group's right-of-use assets relate to two property leases for offices in Bournemouth.

The Group and Company did not make any material adjustments during the year.

1.13 Complaints expense

Costs in the year predominantly represent contractor based costs relating to the processing of complaints. There is no corresponding complaints provision in the statement of financial position as the provision has been released. A new provision for contractors has been created in Amigo Loans Limited.

Notes to the financial statements

2. Critical accounting assumptions and key sources of estimation uncertainty

The Company's significant accounting policies are stated in note 1. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment and estimation involved in their application and their impact on these financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- Estimated useful lives of PPE - notes 1.5 and 9; and
- Share based payments – see notes 1.10 and 17

3. Revenue

The whole of the revenue is attributable to the principal activity of the Company. The revenue arises from a single segment in the United Kingdom. This is consistent with the reporting to the chief operating decision maker, which the Company considers is the Board. No segmental analysis is therefore provided.

	Year to 31 Mar 22	Year to 31 Mar 21
	£'000	£'000
Group entity's servicing fee income	19,378	38,135
Securitisation servicing fee income	1,275	2,590
Other revenue	1,560	92
	22,213	40,817

Group entity's and securitisation servicing fee income is derived from charges to Amigo Loans Ltd in relation to catering services, shared costs, staff costs, securitisation fee and other costs incurred on its behalf.

Other revenue in the current year is principally derived from transfer pricing adjustments. Amigo Management Services recharge its expenses to Amigo Loans Limited, and an arms length mark up has been applied. Transfer pricing adjustments for the years 2019 to 2021, which was previously applied in the tax computations, was recognised in the financial statements in the current year.

4. Operating expenses

	Year to 31 Mar 22	Year to 31 Mar 21
	£'000	£'000
Advertising and marketing	4	410
Employee costs (note 5)	13,224	20,358
Print, post and stationery	503	754
Credit scoring costs	211	1,693
Communication costs	418	988
Legal and professional fees	1,545	7,121
Other	4,714	5,306
	20,619	36,630

The operating profit is stated after charging:

	Year to 31 Mar 22	Year to 31 Mar 21
	£'000	£'000
Other operating expenses include:		
Fees payable to the Company's auditor and its associates for:		
- Audit of the Company's annual accounts	72	50
- Depreciation of property, plant & equipment	763	842
- Amortisation of intangible assets	15	21
- Defined contribution pension cost	414	620

Notes to the financial statements

5. Employees

	Year to 31 Mar 22	Year to 31 Mar 21
	£'000	£'000
Wages and salaries	10,790	15,964
Social security costs	1,320	1,851
Cost of defined contribution pension scheme (note 18)	414	620
Share-based payment (note 17)	(389)	323
Restructuring provision (note 1.11)	13	1,003
Other (termination payments)	1,076	597
	13,224	20,358

The average monthly number of employees employed by the Company (including the Directors) during the year, analysed by category, was as follows:

	Year to 31 Mar 22	Year to 31 Mar 21
Operations	151	306
Support	97	103
	248	409

6. Directors' remuneration

The remuneration of the Directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The costs of Director emoluments are ultimately borne by Amigo Loans Limited through a recharge arrangement.

	Year to 31 Mar 22	Year to 31 Mar 21
	£'000	£'000
Directors' emoluments	1,559	1,823
Company contributions to defined contribution pension schemes	17	13
Termination payments	-	430
	1,576	2,266

During the year retirement benefits were accruing for one Director (2021: three) in respect of defined contribution pension schemes.

The highest paid Director in the current year received remuneration of £745,005 inclusive of employer's National Insurance payments (2021: £766,691 inclusive of national insurance payments, of which £319,350 related to loss of office payments).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil due to an election being made for payment in lieu of pension (2021: £nil).

Notes to the financial statements

7. Taxation

	Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
Corporation tax		
Current tax on profit/(loss) for the year	278	485
Adjustments in respect of previous periods	114	(350)
Total current tax charge	392	135
Deferred Tax		
Origination and reversal of temporary differences	-	(92)
Adjustments in respect of prior periods	-	59
Taxation charge on profit/(loss)	392	102

A reconciliation of the actual tax charge, shown above, and the profit/(loss) before tax multiplied by the standard rate of tax, is as follows:

	Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
Profit/(loss) before tax	1,007	(4,266)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	191	(811)
Effects of:		
Expenses not deductible for tax purposes	126	735
Transfer pricing adjustments	-	469
Adjustments to tax charge in respect of prior periods	114	(291)
Other	(39)	-
Total tax charge for the year	392	102

The Finance Act 2021 increased the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. While this change does not affect the current tax position for the year, it will affect future periods.

8. Deferred tax

A deferred tax asset is recognised to the extent that it is expected that it will be recovered in the form of economic benefits that will flow to the Company in future periods. In recognising the asset, management judgement on the future profitability and any uncertainties surrounding the profitability is required to determine that future economic benefits will flow to the Company in which to recover the deferred tax asset that has been recognised. Further details of the assessment performed by management and the key factors included in this assessment can be found under the going concern considerations in note 1.1.

	Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
At 1 April 2021 / 1 April 2020	-	187
(Charge) to the statement of comprehensive income	-	(187)
At 31 March 2022 / 31 March 2021	-	-

The UK statutory rate for FY22 is 19% (FY21: 19%). Finance Act 2021 increased the UK corporation tax rate from 19% to 25% with effect from 1 April 2023, which impacts the deferred tax position in the current period.

Notes to the financial statements

9. Property, plant and equipment (PPE)

	Long leasehold property £'000	Fixture & fittings £'000	Office equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 31 March 2020	1,120	586	100	1,579	14	3,399
Additions	-	10	3	388	-	401
Disposals	-	-	-	-	-	-
At 31 March 2021	1,120	596	103	1,967	14	3,800
Additions	-	3	-	1	-	4
Disposals	-	-	-	(265)	-	(265)
At 31 March 2022	1,120	599	103	1,703	14	3,539
Depreciation						
At 31 March 2020	548	437	43	880	1	1,909
Charge for period	112	46	38	642	4	842
Disposals	-	-	-	-	-	-
At 31 March 2021	660	483	81	1,522	5	2,751
Charge for period	112	46	22	351	3	534
Disposals	-	-	-	(236)	-	(236)
At 31 March 2022	772	529	103	1,637	8	3,049
Net book value						
At 31 March 2022	348	70	-	66	6	490
At 31 March 2021	460	113	22	445	9	1,049

10. Intangible assets

	Computer software £'000	Total £'000
Cost or valuation		
At 31 March 2020	116	116
Additions	38	38
Disposals	-	-
At 31 March 2021/31 March 2022	154	154
Amortisation		
At 31 March 2020	89	89
Charge for the period	21	21
At 31 March 2021	110	110
Charge for the period	15	15
At 31 March 2022	125	125
Net book value		
At 31 March 2022	29	29
At 31 March 2021	44	44

Notes to the financial statements

11. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares held	Ownership 2022	Ownership 2021	Principal activity
Amigo Car Loans Limited	United Kingdom	Ordinary	100%	100%	Dormant
Vanir Financial Limited ¹	United Kingdom	Ordinary	100%	100%	Dormant
Vanir Business Financial Limited ²	United Kingdom	Ordinary	100%	100%	Dormant
Amigo Store Limited	United Kingdom	Ordinary	100%	100%	Dormant
Amigo Group Limited	United Kingdom	Ordinary	100%	100%	Dormant

1 Previously Amigo Motor Finance Limited. Name changed on 24 August 2021.

2 Previously Amigo Car Finance Limited. Name changed on 24 August 2021.

Registered office of the above subsidiaries is 118-128 Nova Building, Commercial Road, Bournemouth BH2 5LT.

12. Other receivables

Current

Amounts owed by Group undertakings
Other receivables
Prepayments and accrued income

Year to 31 Mar 22	Year to 31 Mar 21
£'000	£'000
-	858
170	189
863	651
1,033	1,698

13. Trade and other payables

Current

Trade payables
Amounts owed to Group undertakings
Taxation and social security
Other payables
Accruals and deferred income

Year to 31 Mar 22	Year to 31 Mar 21
£'000	£'000
99	266
4,892	4,128
394	770
58	103
720	1,238
6,163	6,505

Notes to the financial statements

14. Leases

While the costs set out below are paid by Amigo Management Services Limited and accounted for, the associated costs are ultimately borne by Amigo Loan Ltd via a service charge.

	2022 £'000	2021 £'000
Right of use assets		
Cost		
At 1 April 2021/1 April 2020	1,512	1,459
Adjustment for change in interest rate calculation	-	53
At 31 March 2022/31 March 2021	1,512	1,512
Accumulated depreciation and impairment		
At 1 April 2021/2020	(515)	(286)
Charged to statement of other comprehensive income	(230)	(229)
At 31 March 2022/31 March 2021	(745)	(515)
Net book value at 31 March 2022/31 March 2021	767	997

	Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
Lease liabilities		
Current	298	286
Non-current	613	911
Total	911	1,197

A maturity analysis of the lease liabilities is shown below:

	Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
Due within one year	331	331
Due between one and five years	449	687
Due in more than five years	242	335
Total	1,022	1,353
Unrecognised finance cost	(111)	(156)
Total	911	1,197

In the year £274k (£230k in relation to depreciation and impairment and £44k in relation to interest expense) was charged to the statement of comprehensive income in relation to leases (2021: £250k). Lease liabilities relate to Amigo's offices in Bournemouth.

15. Share capital

	Year to 31 Mar 22 £	Year to 31 Mar 21 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

During the current and prior year the Company issued no shares.

Notes to the financial statements

16. Restructuring provision

Provisions are recognised for present obligations arising as the consequence of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

	Year to 31 Mar 22 £'000	Year to 31 Mar 21 £'000
Balance at 1 April 2021/1 April 2020	1,003	-
Provision made during the period	13	1,003
Utilised during the year	(1,016)	-
Balance at 31 March 2022/31 March 2021	-	1,003
2022		
Non-current	-	-
Current	-	1,003
	-	1,003

As at 31 March 2021, the Group recognised a restructuring provision totalling £1,003k in respect of the expected cost of staff redundancies. This provision was fully utilised by 30 June 2021 and the outstanding balance at 31 March 2022 is £nil.

17. Share-based payment

The Company issues share options and awards to employees as part of its employee remuneration packages. The Company operates three types of equity settled share scheme: Long Term Incentive Plan ("LTIP"), employee savings-related share option schemes referred to as Save As You Earn ("SAYE") and the Share Incentive Plan ("SIP").

Share-based payment transactions in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payments. At the grant date, the fair value of the share-based payment is recognised by the Company as an expense, with a corresponding increase in equity, over the period in which the employee becomes unconditionally entitled to the awards. The fair value of the awards granted is measured based on Company-specific observable market data, taking into account the terms and conditions upon which the awards were granted.

When an equity settled share option or award is granted, a fair value is calculated based on: the share price at grant date, the probability of the option/award vesting, the Group's recent share price volatility, and the risk associated with the option/award. A fair value is calculated based on the value of awards granted and adjusted at each balance sheet date for the probability of vesting against performance conditions. The fair value of all options/awards is charged to the consolidated statement of comprehensive income on a straight-line basis over the vesting period of the underlying option/award.

During the year a third SAYE scheme was launched and an additional twelve individuals received LTIP awards on 27 August 2021. Three LTIPs were awarded in the prior year.

The credit to the consolidated statement of comprehensive income for the year to 31 March 2022 was £389k (2021: charge of £323k).

A summary of the awards under each scheme is set out below:

	31 Mar 2022				31 Mar 2021		
	Aug 2021 LTIPs	Feb/Mar 2021 LTIPs	Dec 2020 LTIP	Sep 2019 LTIP	Feb/Mar 2021 LTIPs	Dec 2020 LTIP	Sep 2019 LTIP
Performance condition	Y	Y	Y	Y	Y	Y	Y
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
accounting							
Number of instruments	3,700,000 ³	2,500,000 ¹	4,750,000 ²	688,347 ¹	4,000,000	14,250,000	1,364,397 ¹
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Exercise price	-	-	-	-	-	-	-

Notes to the financial statements

	31 Mar 2022		31 Mar 2021	
	Oct 2020	Sep 2019	Oct 2020	Sep 2019
	SAYE	SAYE	SAYE	SAYE
Performance condition	N	N	N	N
Method of settlement accounting	Equity	Equity	Equity	Equity
Number of instruments	2,747,494	37,781	4,812,846	107,959 ⁴
Vesting period	3.3 years	3.3 years	3.3 years	3.3 years
Exercise price	0.097	0.6368	0.097	0.6368

	31 Mar 2022	31 Mar 2021
	2019 SIP	2019 SIP
Performance condition	N	N
Method of settlement accounting	Equity	Equity
Number of instruments	2,552,822 ⁵	1,577,758 ⁵
Vesting period	3 years rolling	3 years rolling
Exercise price	-	-

- 1 Number of instruments has reduced since the prior year as a result of share scheme forfeiture in respect of leavers
2 Number of instruments has reduced since the prior year as a result of cancellation of CEO awards at his request
3 Number of instruments has reduced since the interim results as a result of share scheme forfeiture in respect of leavers
4 As at the reporting date, adjusted for known leavers.
5 This figure includes both matching and partnership shares.

Long Term Incentive Plans ("LTIPs")

The LTIPs awards were made on 27 August 2021, 1 March 2021, 26 February 2021, 1 December 2020, 11 September 2019 and 26 July 2019. The LTIP awards were granted to eligible employees in the form of nil-cost share options and are subject to performance conditions and continuity of employment. These options are nil-cost to the employee only. The fair value of the share plans is recognised by the Company as an expense over the expected vesting period with a corresponding entry to retained earnings, net of deferred tax. No value is recognised against the 2019 LTIP as the conditions for vesting are no longer considered likely to be met. The participants are required to hold any shares arising at vesting, for a period of two years following the end of the performance period.

The FY21 and FY22 LTIP criteria are set out below:

Performance condition	Applicable terms	Performance target over the applicable performance period	Weighting (% of award)	Vesting schedule (% vesting, threshold - max)
EPS growth	Statutory EPS adjusted, at the discretion of the Remuneration Committee, to remove the impact of provisions for complaints that are not fulfilled over the period of measurement and for any other non-standard distortions.	Growth of 300% over the EPS hurdle over the performance period. EPS hurdle is 1p. Target for full vesting is 4p.	30%	0%-100% straight line above hurdle
Absolute total shareholder return ("ATSR")	Measures the growth in the potential value of an Amigo share over the performance period - that is, the amount the share price has appreciated plus the dividends paid.	Growth of ATSR over the ATSR hurdle over the performance period. ATSR hurdles are 12p, 14p, 16p and 12p for awards on 1 December 2020, 26 February 2021, 1 March 2021 and 27 August 2021 respectively. Target for full vesting for all is 40p.	40%	0%-100% straight line above ATSR hurdle

Notes to the financial statements

Non-financial measures	Measures the effectiveness of the steps taken by the awardees to ensure Amigo adheres to the standards expected by all stakeholders.	Test against internal targets for corporate culture, conduct risk matters, diversity and inclusiveness and other ESG measures. Benchmarked against external expectations over period.	30%	0%-100%
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The FY20 LTIP criteria are set out below:

Relative TSR growth compared to the comparator group	Proportion of awards subject to TSR condition that vest
Below median	0%
Median	25%
Upper quartile	100%
Absolute TSR growth	Proportion of awards subject to absolute TSR condition that vest
Below 6% p.a.	0%
6% p.a.	25%
12% p.a.	100%
EPS growth	Proportion of awards subject to EPS condition that vest
Below 8% p.a.	0%
8% p.a.	25%
16% p.a.	100%

	27 Aug 2021	1 Mar 2021	26 Feb 2021	1 Dec 2020	11 Sep 2019
Valuation method	Monte Carlo model	Monte Carlo model	Monte Carlo model	Monte Carlo model	Monte Carlo model
Share price at grant date (£)	0.082	0.1630	0.1204	0.097	0.732
Exercise price (£)	nil	nil	nil	nil	nil
Shares awarded/under option	3,700,000	1,500,000	1,000,000	4,750,000	688,347
Expected volatility ¹ (%)	80.0	80.0	80.0	80.0	50.0
Vesting period (years)	3	3	3	3	3
Weighted average remaining contractual life (years)	2.4	1.9	1.9	1.7	0.5
Expected dividend yield (%)	nil	nil	nil	nil	nil
Risk-free rate ² (%)	0.18	0.169	0.171	0.004	0.47
Fair value per award/option (£)	0.0510	0.1112	0.0792	0.0624	0.4453 ³

1. The expected volatility is normally based on historical share price volatility; however, as the Company has only been listed since June 2018, the historical volatility has been calculated for the longest period for which trading activity is available.

2. The risk-free rate of return is based on the implied yield available on zero-coupon government issues at the grant date.

3. Prior year numbers have been restated. Fair value per award/option for 11 September 2019 has been restated from 1.187 to 0.4453.

Share Incentive Plan ("SIP")

The Company gives participating employees one matching share for each partnership share acquired on behalf of the employee using deductions from participating employees' gross salaries. The shares vest at the end of three years on a rolling basis as they are purchased, with employees required to stay in employment for the vesting period to receive the matching shares.

Share awards outstanding under the SIP schemes at 31 March 2022 had an exercise price of £nil (2021: £nil) and a total vesting period of 3.0 years (2021: 3.0 years). The following information is relevant in the determination of the fair value.

	1 Aug 2019
Share price at grant date (£)	0.128
Shares awarded (number) ¹	2,552,822
Vesting period (years)	3 years rolling
Fair value per award/option (£)	0.128

1. This figure includes both matching and partnership shares

2. Based on weighted average share price at grant date, for all grants since SIP inception; shares are granted once a month following deduction from participating employees' gross salaries.

Notes to the financial statements

Save As You Earn option plan ("SAYE")

Options under the 2020 scheme were granted on 9 October 2020 (2019 scheme: 23 September 2019).

The Company offers a savings contract that gives participating employees an opportunity to save a set amount using the participating employees' net salaries. The shares vest at the end of three years where the employee has the opportunity to purchase the shares at the fixed option price, take the funds saved or buy a portion of shares and take the remaining funds, with the employees required to stay in employment for the vesting period to receive the shares; however, the funds can be withdrawn at any point.

The SAYE awards are treated as vesting after three and a quarter years; the participants will have a window of six months in which to exercise their options. Due to the short nature of the exercise window it is reasonable to assume the participants will exercise, on average, at the mid-point of the exercise window. The SAYE awards are not subject to the achievement of any performance conditions.

Share options outstanding under the SAYE schemes at 31 March 2022 had exercise prices of £0.0970 per share and £0.6368 per share for the 2020 and 2019 schemes respectively. The schemes have a remaining contractual life of 1.8 years and 0.8 years (2020: 2.8 years and 1.8 years).

The following information is relevant in the determination of the fair value.

	9 Oct 2020	23 Sep 2019
Valuation method	Black Scholes model	Black Scholes model
Share price at grant date (£)	0.1018	0.691
Exercise price (£)	0.097	0.6368
Shares awarded/under option (number) ³	2,747,494	37,871
Expected volatility ¹ (%)	80.0	50.0
Vesting period (years)	3.3	3.3
Expected dividend yield (%)	nil	13.49
Risk-free rate ² (%)	0.42	0.42
Fair value per award/option (£)	0.046	0.108

1. The expected volatility is normally based on historical share price volatility; however, as the Company has only been listed since June 2018, the historical volatility has been calculated for the longest period for which trading activity is available.
2. The risk-free rate of return is based on the implied yield available on zero-coupon government issues at the grant date.
3. As at the reporting date, adjusted for known leavers.

Information for the period

The fair value of the equity settled share-based payments has been estimated as at the date of grant using both the Black Scholes and Monte Carlo models.

A reconciliation of weighted average exercise prices per share ("WAEP") and award/share option movements during the year is shown below:

	Jul 2019–Aug 2021 LTIPs		Oct 2020 SAYE		Sep 2019 SAYE		2019 SIP	
	Number	WAEP	Number	WAEP	Number	WAEP	Number	WAEP
Outstanding at 1 Apr 2020	3,838,416	-	-	-	1,049,535	0.6368	269,004	-
Awarded/granted	18,250,000	-	5,496,845	0.097	-	-	1,308,754	-
Forfeited	(2,474,019)	-	(683,999)	-	(941,576)	-	-	-
Outstanding at 31 Mar 2021	19,614,397	-	4,812,846	0.097	107,959	0.6368	1,577,758	-
Awarded/granted	4,350,000	-	-	-	-	-	975,064	-
Forfeited	(2,826,050)	-	(2,065,352)	-	(70,088)	-	-	-
Cancelled	(9,500,000)	-	-	-	-	-	-	-
Outstanding at 31 Mar 2022	11,638,347	-	2,747,494	0.097	37,871	0.6368	2,552,822	-
Exercisable at 31 Mar 2022	-	-	-	-	-	-	-	-

Notes to the financial statements

18. Pension commitments

The Company operates defined contribution pension schemes for the benefit of its employees. The assets of the scheme are administered by trustees in funds independent from those of the Company.

The total contributions paid during the year amounted to £414k (2021: £620k). At the year end there were contributions outstanding of £55k (2021: £83k).

19. Related party transactions

The Company receives charges from and makes charges to these related parties in relation to catering services, shared costs, staff costs and other costs incurred on their behalf. Balances related to corporation tax and VAT in relation to Group wide registrations and payment arrangements are also passed through these related party balances.

	Charged to £'000	Charged from £'000	Gross balance £'000	Impairment charge £'000	Carrying value £'000
31 March 2022					
Amigo Loans Ltd	25,403	(26,792)	(5,509)	-	(5,509)
Amigo Holdings PLC	731	(731)	-	-	-
Amigo Loans Group Ltd	-	(36)	(35)	-	(35)
Amigo Loans Ireland Ltd	131	(338)	652	-	652
31 March 2021					
Richmond Group Ltd	3	-	-	-	-
Amigo Loans Ltd	59,706	(64,433)	(4,120)	-	(4,120)
Amigo Holdings PLC	5,211	(2,022)	4,049	(4,049)	-
Amigo Loans Group Ltd	-	(8)	1	-	1
Amigo Loans Ireland Ltd	315	(90)	858	-	858
Amigo Canteen Ltd (previously known as RG Catering Services Limited)	72	-	-	-	-

The balance owed to Amigo subsidiaries as at 31 March 2022 is £4,892 (2021: £3,261k). These balances relate to expense invoices paid by the Company on behalf of these subsidiaries which were outstanding at the end of the financial year which is offset by Amigo Loans Ltd servicing fee income.

20. The New standards and interpretations

The following standards, amendments to standards and interpretations are newly effective in the year in addition to the ones covered in note 1.1. There has been no significant impact to the Group as a result of their issue.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

IFRS and interpretations with effective dates after 31 March 2022 relevant to the Group will be implemented in the financial year when the standards become effective.

Other standards

The IASB has also issued the following standards, amendments to standards and interpretations that will be effective for the Group from 1 April 2022. These have not been early adopted by the Group. The Group does not expect any significant impact on its consolidated financial statements from these amendments.

- IFRS 17: *Insurance Contracts amendments*
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Accounting Policies, Changes in Accounting Estimates and Errors: Definition (Amendments to IAS 8)
- Amendments to IAS 1: *Presentation of Financial Statements* and IFRS Practice Statement 2: *Making Materiality Judgements*
-

Notes to the financial statements

21. Immediate and ultimate parent undertaking

The Company is a subsidiary undertaking of Amigo Loans Holdings Limited. The immediate and ultimate parent undertaking as at 31 March 2022 is Amigo Holdings PLC, a company incorporated in England and Wales.

The parent undertaking of the smallest Company of which the Company is a member and for which Company accounts are prepared at the date of these financial statements is Amigo Loans Group Ltd, a Company incorporated in the UK. The financial statements of the Company are available to the public and may be obtained from the registered office: Nova, 118-128 Commercial Road, Bournemouth, Dorset, BH2 5LT.

22. Post balance sheet events

On 11 April Amigo announced the FCA had written to it, notifying that the FCA did not intend to oppose the Schemes, subject to any further information coming to light in the time between that date and the Court hearing. Further that it believed the Schemes represented a substantial improvement over previous proposals made in 2021. In the event, the FCA did not oppose the Schemes.

A Creditors meeting was held on 12 May. Creditors were asked to vote for one or both of two proposed Schemes of Arrangement, the New Business and the Wind Down Schemes. To qualify for subsequent Court approval each Scheme required that more than 50% of all creditors who voted did so in favour, and the total value of their claims to represent at least 75% of the value of the claims of all creditors who voted. The following day, Amigo announced that of the creditors who chose to vote, 88.8% by number representing 90.0% by value, voted in favour of the New Business Scheme. In total, the Company had received 145,532 votes in favour of the New Business Scheme and 18,401 votes against the New Business Scheme, with values of £459,526,003 in favour and £50,894,131 against. Slightly fewer votes, by number and value, were received for the Wind Down Scheme.

The High Court hearing was held on 23 May. During the Court hearing, trading in the Company's shares on the London Stock Exchange was suspended, due to the risk of asymmetric information in the market at this time. The judge stated during the hearing that the New Business Scheme would be sanctioned; this was announced to the market by Amigo that day, and trading in the Company's shares restored on 24 May. The Scheme became formally effective on 26 May.

On 1 June Amigo Loans made its first payment under the Scheme; a £60m transfer to ALL Scheme Ltd.

Post period end, the Board appointed Peel Hunt LLP as financial adviser and sole corporate broker and Ashcombe Advisers LLP as financial adviser. Both will be instrumental in assisting with the required fund raising in the coming months.

On 23 September 2022, Gary Jennison has affirmed to the Board the decision that he should step down from his role as CEO and as a Director. He will be replaced as Chief Executive by Amigo's current Chief Financial Officer, Danny Malone, who in turn will be replaced in his role by Kerry Penfold, currently Head of Finance at Amigo. The new appointments are subject to approval under the Senior Managers' Regime, by the Financial Conduct Authority. Gary will step down from these roles immediately but both Gary and the Board are keen to ensure an appropriate transition and he will continue to be employed by Amigo and supporting the business until the end of the year (31 December 2022).

On 13 October 2022 Amigo received FCA approval to return to lending on a pilot basis.

The securitisation structure for the facility paid down in September 2021 was closed in November 2022.