Everyday Loans Holdings Limited
Annual report and financial statements
for the year ended 31 December 2022

Registered Number 05720119

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Contents

Strategic report

Principal activities and business review
The principal activity of Everyday Loans Holdings Limited ("the Company") is to hold investment in its subsidiary, Everyday Loans Limited. The Company does not have any other trade.

The Statement of comprehensive income for the year is set out on page 24.

During the period the Company Directors, supported by the Directors of its ultimate parent company, decided to pursue the Scheme to address the Group's redress liabilities. Although an independent review of the branch-based lending division carried out in 2021 identified no systemic issues requiring redress, as this division and the guarantor loans division trade out of the same legal entity (Everyday Lending Limited), the Scheme will encompass potential claims from both divisions in order to ensure equitable treatment of customers. On 22 June 2023, the scheme of arrangement was approved by the Court. Following this on 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company's indirect parent, NSF Finco Limited, were transferred to Clareant Lending Newco Limited which is owned by its existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility to June 2027, and provided £40 million of additional liquidity.

The Company has tested investments in subsidiary undertakings as at 31 December 2022 for impairment and has assessed the investment in Everyday Loans Limited to be impaired resulting in an impairment charge of £9.7m (2021: £2.4m). The investment in Everyday Loans Limited at the balance sheet date was £0m (2021: £9.7m).

During the year the Company made a loss of £9.7m (2021: £2.4m) and has net assets of £0m (2021: £9.7m). The statement of comprehensive income and the statement of financial position are set out on page 24 and 25 respectively.

For the year ended 31 December 2022 and up to 6 July 2023, the Company's ultimate parent was Non-Standard Finance plc. Non-Standard Finance plc's consolidated accounts are available and can be found on Companies House. Non-Standard Finance plc's registered office is The Bothy, The Nostell Estate Yard, The Nostell Estate, Nostell, Wakefield, West Yorkshire, WF4 1AB. On 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the company's indirect parent, NSF Finco Limited, ultimate ownership has been transferred to Clareant Lending NewCo Limited owned by the NSF Finco's secured lenders. As a result, the ultimate controlling party has become Clareant Lending Holdco Limited.

Principal risks and uncertainties
The Company regards the monitoring and controlling of risks as a fundamental part of the management process. Consequently, senior management are involved in the development of risk management policies and in monitoring their application. The Company's risk management policies are set out in note 4 of the financial statements.

The Company faces a number of potential risks that could have a material impact on overall performance of the Company and its subsidiary undertakings as a result of the manifestation of the risks that it faces, which might cause financial results to differ materially from both expected and historic results.

An uncertain macroeconomic environment and a number of business specific issues meant that the overall risk profile facing the Company and its subsidiary undertakings remained high during 2022. Key risks included that: the costs of customer redress might be higher than expected; the cost of living crisis has a material impact on customers ability to repay their loans; the financial performance of the Company is worse than expected.

Throughout 2022, Xactium, the Group's integrated risk management system, helped the Company to record and manage such key risks as they emerged and/or evolved. The framework provided supported our first line risk management activity and also helped to provide executive management and the Board with clear second line oversight across the Company. It also helped the Board to identify those areas where third line oversight might be required.

As well as having a well-founded risk management framework in place, the dedication and hard work of all of our staff were instrumental in helping the Company to navigate through all on going challenges as we emerge from the impact of the pandemic.

The principal risks facing the Company are set out below.

Funding and liquidity

The Company may not be able to meet its financial obligations because:

- it is unable to borrow to fund lending by its subsidiary Everyday Lending Limited;
- it has failed to renew/replace existing debt facilities as they become payable;
- it cannot fund growth;
- declines in net book value within its subsidiary may impact the Company's ability to access existing debt facilities.

Strategic report

Regulation
The Company's subsidiary undertakings face significant operational and financial risk through changes to regulations, changes to the interpretation of regulations or a failure to comply with existing rules and regulations. All authorised firms are subject to a rigorous approval process as well as ongoing supervision by the FCA. Non-compliance can result in fines, the payment of redress to customers or loss of authorisation to operate. Decisions by the FOS may change the way in which FCA rules are interpreted, increasing the likelihood that complaints may be upheld and increasing the total cost of redress to customers that may have suffered harm.

Conduct
Risk of poor outcomes for the Company's customers or other key stakeholders as a result of that company's actions.

Credit
Risk of loss through poor underwriting or a diminution in the credit quality of the Company's customers.

Business strategy
Risk that the Company's strategy, or that of its subsidiary undertakings fail to deliver the outcomes expected.

Business risks
- Operational – the Company and its subsidiary undertakings activities are large and complex and so there are many areas of operational risk that include technology failure, fraud, staff management and recruitment risks, underperformance of key staff, the risk of human error, taxation, increasing numbers of customer complaints, health and safety as well as disaster recovery and business continuity risks;
- Reputational – a failure to manage one or more of the Company's principal risks may damage the reputation of the Company or any of its subsidiaries or its parent, which in turn may materially impact the future operational and/or financial performance of the Company;
- Cyber – increased connectivity in the workplace coupled with the increasing importance of data and data analytics in operating and managing consumer finance businesses means that this risk has been identified separately from operational risk; and
- Pandemic – a large pandemic such as COVID-19, coupled with restrictions on face-to-face contact as required by HM Government during 2020 and 2021, may cause significant disruption to the operations of the Company and its subsidiary undertakings and severely impact the supply and level of demand for their products. Any sustained period where such measures are in place could result in the Company and its subsidiaries suffering significant financial loss.

Strategic report

Section 172(1) of the Companies Act 2006 ; Duty to promote the success of the Company
A director of a company must act in the way he/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, and in doing so have regard (amongst other matters) to:

(a) *the likely consequences of any decision in the long term;*
This means the directors are not just thinking about short-term needs and also considers carefully the likely impact of its decisions on the Company's long term prospects and value.

(b) *the interest of the Company's employees;*
Our staff act as the interface with our customers and so are key to long-term success.

(c) *the need to foster the company's business relationships with suppliers, customers and others;*
The Company draws upon the services and skills of a variety of different suppliers and other stakeholders to provide a quality service to its customers. Building and sustaining these relationships is an important factor for the Company's long-term success.

(d) *the impact of the company's operations on the community and the environment;*
If the Company fails to respect how it affects communities, it may face significant challenges to its business from a variety of stakeholders including customers, regulators and government.

(e) *the desirability of the company maintaining a reputation for high standards of business conduct;*
A company's reputation is hard won and easily lost – maintaining high standards through a strong and positive culture as well as good governance is vital for building and sustaining long-term value and

(f) *the need to act fairly as between members of the company;*
The interests of all members are considered and treated fairly.

Strategic report

Engaging with our stakeholders

Stakeholder	Why we engage	Key issues	How we manage	Actions and outcomes
Customers	Our customers are at the centre of our business model. Should we deliver a poor service or treat our customers unfairly, we are unlikely to meet our long-term financial and strategic objectives.	• We aim to design and tailor our products to meet our customers' needs at a price they can afford. • Ensuring we lend and collect responsibly and in compliance with latest FCA rules and guidance and take account of the latest decisions at the Financial Ombudsman Service. • Having an effective complaint handling process.	• Face-to-face contact represents an important part of the lending process in branch-based lending, providing immediate feedback on how we are performing and how we might improve. We continue to believe that for many customers meeting face-to-face is an important opportunity to gain a deeper understanding of the customer needs whilst also building a long-term relationship. • We also engage extensively via telephone, email and web. • We consider the needs of vulnerable customers across all areas and constantly strive to ensure we support our customers in times of need and continually identify opportunities to make getting a loan easier for our customers including those who require additional support • Third-party customer satisfaction surveys and online recommendation engines, such as Feefo and Trustpilot • We also work hard to ensure that if something goes wrong, our complaint handling processes deliver fair and appropriate outcomes. Numbers of complaints and root cause analysis are data points that we track and monitor closely.	• Updated processes and systems embedding the latest FCA guidance, including extensive work ahead of the introduction of the FCA's enhanced Consumer Duty regulations • Key learnings from regulatory and assurance reviews are captured and once understood and assessed, are embedded into our policies and procedures, training, organisation structure and incentive arrangements • All complaints are tracked, analysed and fed back into business practice and the Group's 'customer outcomes dashboard'. Upheld decisions by the FOS are also considered • Everyday Loans has received a number of awards in recognition of its focus on consumers
Regulators	Maintaining a regular and open relationship with regulators is key. Through our engagement we aim to respond promptly to	• Engagement with the regulator as part of the preparation phase for the Scheme • Sustaining a positive business culture • Creditworthiness and affordability –	• We engage at a more strategic level through periodic face-to-face meetings and by responding to relevant consultations, policy documents and research	• Culture is monitored closely through a series of measures that are reviewed as part of a continuous assessment process • A 'three lines of defence' model is in place to identify,

	questions and ensure the regulator remains well-informed about our own performance, market dynamics and how any existing or proposed regulatory changes may impact consumers and the workings of the non-standard finance market more generally. As outlined in the Strategic Report, during the last few years, the level of engagement has been extensive as we sought to resolve a number of outstanding regulatory issues.	ensuring that appropriate and proportionate checks are conducted at the point of lending • Vulnerable customers – ensuring their circumstances are considered throughout the customer lifecycle and that we look after them every step of the way, also whilst supplying excellent customer service • Claims management – proper handling of claims in a timely manner with root cause analysis and noting any implications from recent and relevant FOS cases	• We continue to keep regulatory bodies, including HM Treasury, fully informed regarding the Group's broader perspective and strategic plans	manage and address any potential regulatory risks • The ELL Directors, supported by the Group Directors, decided to pursue the Scheme to address the Group's redress liabilities. A key objective of the Scheme is to treat all affected customers equally. Although the independent review of the branch-based lending division carried out in 2021 identified no systemic issues requiring redress, as this division and the guarantor loans division trade out of the same legal entity, the Scheme will encompass potential claims for both in order to ensure equitable treatment of customers. • We also take note of other sector developments to ensure that any implications for our own business are assessed and any adjustments to processes and procedures made.

Employees	As a relationship lender, our workforce is a key enabler in the execution of our business strategy and in the deployment of our business model.	• Career Development – enhancing our opportunities for career progression and development to enable growth and an ability to uphold the high standards we require • Leadership Capability – improving our Leadership capability at all levels to support their ability to lead and support the organisations growth and development • Recognition and reward – Introducing further initiatives to enhance our inclusive recognition and remuneration approaches. Through the introduction of choice in our benefits programme and in increased recognition of diversity within our people.	• Annual engagement survey • Colleague VOICE that acts as an employee forum for all colleagues • Communication and engagement through our ENGAGE platform that allows 2-way communication • Immersive cultural induction day, ELITE, for all new joiners • Structured training programme for all new joiners through our Training Academy • Monthly all colleague Townhalls run by Senior Leadership with an open Q&A session • Monthly all in days	• We continue to develop our learning and development proposition and measure the impact and value of any initiatives through the various feedback channels • Through live Q&A townhall sessions we investigate any new initiatives raised or investigate any concerns referenced in a timely manner • Continue to develop a hybrid approach to working patterns ensuring that we maintain face to face contact but also utilise digital methods such a virtual meetings, blogs, podcasts etc.
Partners and suppliers	Culturally, we are focused on ensuring we are professional at all times and want to establish a reputation as being a reliable customer with whom other firms can and want to do business.	• Maintaining an effective procurement process. • Ensuring that the quality of the services being supplied meets the standards expected. • Confirmation that suppliers are also fulfilling their broader	• We have clear procurement policies with proper oversight over all material contracts. • We seek to maintain strong relationships through regular meetings and contact by phone. • For a limited number of services such as insurance, we can sometimes arrange supply on a Group-wide basis. Other key suppliers include financial brokers, credit reference agencies and providers of data storage.	• If a supplier falls short of the standards we expect or if there is a risk that continuing our relationship may compromise the Company's reputation or business prospects, then we will look to replace them with a comparable alternative, having already identified a number of these at the time of the original tender.

		obligations of good business practice including issues such as diversity, gender pay, modern slavery and anti-bribery and corruption. • We monitor supplier payment terms to ensure we pay them within the constraints of the Prompt Payment Code.		

Strategic report

Environment	Environmental issues are becoming increasingly important for many of our key stakeholders including customers, staff, investors, HM Government, and society at large. This is demonstrated by the increase in mandatory reporting over the years, as well as the development of several global initiatives such as the Paris Agreement adopted in 2015, and the UK Government's strategy for decarbonising all sectors of the UK economy to meet their net zero target by 2050.	• Determining our impact on the environment as well as how climate change might create additional risks as well as opportunities for the Group • Formulating a strategy to address and manage climate-related risks and opportunities, including identification of measurable KPIs, targets and milestones over the short, medium and long term • Use of energy and natural resources as well as the level of CO_2 and other emissions produced directly and indirectly • Preparing disclosures to assist stakeholders in assessing the potential impact of such risks and opportunities on the current and future prospects of the Group	• We are keen to minimise any negative environmental impact that our activities might have on our planet, and actively seek to reduce our carbon footprint • We carry out energy assessments under the Energy Savings Opportunity Scheme ('ESOS'), established by the Energy Savings Opportunity Scheme Regulations 2014 • We report under the Streamlined Energy and Carbon Reporting ('SECR') scheme on an annual basis • This year NSF reported against the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations for the first time	• We are continuing to improve the quality of our emission data • We are committed to reporting the impact of climate change on our business in a transparent manner, and take responsibility for the actions required to make positive changes to reduce our impact on the environment • We are continuing to enhance our assessment and disclosure of climate-related risk and opportunities, to help drive climate-informed decision-making within our business strategy
Communities and charity	As we return to growth, we are taking the opportunity to incorporate environmental, social and governance ('ESG') priorities into our business and ensure we build it in the right way. In doing this, we are committed to being open and transparent	• Supporting new and existing communities. By helping communities thrive we believe our business will too. We strive to make a positive difference through the local colleagues we employ and the local causes we support. We have helped our customers and communities adapt to the ongoing challenges presented by the pandemic,	• In 2023 we have partnered with a third-party agency who will help us bring both our charity days and efforts giving back to local communities to the forefront of our business culture and proposition. As well as giving back to local communities, these charity days will be used as team building days within the business and encourage colleagues to network and make an impact together • All our colleagues are given three days per year to support a cause they are	• In 2022 the Group donated £7,083 to UNICEF and £186.25 to Macmillan as a result of charity fundraisers throughout the year; a stream clean, bake sale, bike ride to Amsterdam, Branch BINGO among others • As well as financial donations, our staff also take part in community-based events such as a tree-planting day, held in conjunction with a local community interest company in March 2022. We also held our second Stream Clean event in Bourne End, where colleagues at our Dukes Meadow office, including our CEO, Jono

	about what we are doing and why. Oversight of ESG, our strategy and priorities sit at Board and ExCo level. A new internal ESG structure involving colleagues across the organisation, coordinated by a dedicated ESG Committee, came into effect late 2022. Our vision is that everyone deserves a chance whether that be access to finance or opportunity to develop and grow in their everyday lives. Our branch based network operates in some of the most challenging parts of the country and our goal is to support those communities through inclusive practices with not only the service we offer but with our time, knowledge and skills. Our commitment to environmental, social and	working together to find solutions that meet our customers' specific financial needs. • Increasing the amount of support we give to our local communities whether that be through our time or our technical skills • Supporting preventative plans through education around money management	passionate about as well as our wider business aims of giving something back. Some notable examples include a 'sleepout' event in the middle of November to raise funds for a local homeless charity and visiting Calais to prepare and distribute food in refugee camps.	Gillespie, worked together in order to clear out rubbish from the waterways that run through the business park in which our offices are located • We also have collection points for local foodbanks in some of our office locations, and endeavour to donate any surplus food from staff events to a local organisation who is able to redistribute. • By helping communities thrive we believe our business will too and getting our teams to network and build relationships with each other whilst also giving back is something we aim to continue to push in 2023. As part of improvements moving forwards we plan to partner with a third party and get an increasing number of our staff using their three charity days. These can be for a range of charity missions from calling someone to have a chat, delivering their shopping for them, to painting a school or helping a business with their accountancy. We want to engage with the local communities, support them and give back all whilst also getting our teams to feel good, have great experiences and connect with each other

Strategic report

	governance goals is built around our ability to give back focusing on supporting our colleagues, our communities and our customers. We enable people to have opportunities that mainstream finance don't offer. We strive to support all our stakeholders with their everyday lives from cost of living through, sustainable futures and to supporting the levelling up initiative to ensure a fairer playing field.			

Business model
The pandemic placed a significant strain on the business model of the Company and its subsidiary undertakings during 2020 and 2021. As we emerge from the pandemic key elements of our business model remain in place and whilst we focus on the growth of the business we remain focused on delivering high levels of service to our customers to ensure they receive a service that they recognise and value.

Long term funding
The Group uses equity and significant long-term debt facilities to help fund its business.

Culture
Providing customers with a lending service that meets their needs, putting customers first at all times.

Infrastructure
The branch-based lending division within the Company's subsidiary undertakings is well-invested and highly scalable.

Compliance and risk management
Managing risk is a key area of focus, we don't cut corners and know when something is not right.

Management
Attracting and retaining the best talent is key for our long-term success.

Strategic report

Business developments in 2022
As we emerge from the pandemic the Company's key objective is to re-grow the branch based lending loan book within its subsidiary Everyday Lending Limited which, in conjunction with a robust collections performance, was achieved as the loan book grew by 6% to £167m (£157m 2021).

The guarantor loans division of the Company's subsidiary undertakings has continued to collect out existing loan balances in line with expectation.

During the period the Company Directors, supported by the Directors of its ultimate parent company, decided to pursue the Scheme to address the Group's redress liabilities. Although an independent review of the branch-based lending division carried out in 2021 identified no systemic issues requiring redress, as this division and the guarantor loans division trade out of the same legal entity (Everyday Lending Limited), the Scheme will encompass potential claims from both divisions in order to ensure equitable treatment of customers. On 22 June 2023, the scheme of arrangement was approved by the Court. Following this on 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company's indirect parent, NSF Finco Limited, were transferred to Clareant Lending Newco Limited which is owned by its existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility to June 2027, and provided £40 million of additional liquidity.

Effective 1 January 2022 the trading operations, assets and employees of the Company's direct subsidiary, Everyday Loans Limited, were transferred to its wholly owned subsidiary, Everyday Lending Limited. Assets transferred exclude any inter-company loans and cash. The net book value of the assets and liabilities resulted in a net liability transfer of £1.5m.

Strategic report

Actions and plans for 2023
Our primary focus for 2023 is the growth and development of our branch-based lending business Everyday Loans through a combination of investment in staffing, technology and process-driven productivity improvements to maximise market share of demand for non-standard consumer credit. Given the Group's pre-eminent position in branch-based lending, the Board continues to believe that, subject to funding, the current business environment represents a significant opportunity for the Group. In the past, when UK consumers have faced periods of macroeconomic difficulty and stress, the non-standard consumer lending sector enjoyed a marked increase in demand as the number of consumers that were unable to access mainstream credit increased. At the same time, we have seen a significant reduction in the supply of regulated non-standard consumer credit that may provide an additional opportunity for the Group to take market share as we continue to serve the very large numbers of UK consumers that are unable or unwilling to access regulated mainstream credit. Robust corporate governance remains as ever high on the agenda.

Given the further losses in 2022 plus those accumulated in prior years, as at 31 December 2022 the Company did not have any distributable reserves and so is unable to pay cash dividends.

Approved and signed by the Board of Directors by

C Pearson
Director

Date: 27/9/23

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Results for the year
The Company's loss for the year was £9.7m (2021: £2.4m). An indication of likely future developments in the business of the Company are included in the strategic report.

Financial risk management objectives and policies
In the opinion of the Directors, the Company does not have any significant financial risks or uncertainties.

Dividend
The Company did not pay a dividend during the year (2021: £nil).

Directors
The following directors served throughout the year and up to the date of signing the financial statements, except where noted below:

A Forsyth	Executive Director
P Gill	Non-Executive Director (Resigned 31 March 2022)
J Gillespie	Non-Executive Director
P Reynolds	Non-Executive Director (Resigned 6 May 2022)
J Bovington	Executive Director (Appointed 4 October 2022)
C Cutter	Executive Director (Appointed 4 October 2022)
J Wiggins	Executive Director (Resigned 24 June 2022)
C Pearson	Executive Director (Appointed 1 February 2023)

J Gillespie is also a director of the ultimate parent company, Non-Standard Finance plc.

Directors' interests
No director had a beneficial interest in shares of the Company during the financial year and up to the date of signing of this report (2021: nil). All directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Directors' indemnities
The Company's Articles of Association permit it to indemnify the Directors of the Company (or of any associated company) in accordance with section 234 of the Companies Act 2006. No indemnities were provided, and no payments were made during the year. There were no other qualifying indemnities in place during the period.

The Company has in place Directors' and Officers' Liability insurance which provides appropriate cover for any legal action brought against its directors.

Matters covered in the Strategic Report
The Company has chosen to set out the following information within the Strategic Report; principal activities and business review, principal risks and uncertainties, and future developments.

Directors' report

Employees
The skills, motivation and energy of our workforce are key drivers for our success. The company structures and intranet help to ensure that all staff are aware of our corporate goals and are clear on how their roles help the Company as a whole to succeed. We seek to ensure that all employees and potential employees receive equal treatment (including access to employment and training) regardless of their age, disability, gender reassignment, marital or civil partner status, pregnancy and maternity, race, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. This policy includes those who might become disabled during their period of employment by the Company.

During 2022, the Group continued to invest significantly in supporting the emotional and mental wellbeing of its workforce, with various initiatives in each operating division, including the expansion of 'mental health first aiders' across the Group to support staff regardless of whether they were in the office or working remotely.

As part of our commitment to treating customers fairly, delivering excellent service and lending responsibly, it is the Group's policy to have in place appropriate processes to offer career and job development opportunities to all employees.

Directors' report

Environmental, Social and Governance-related risks and opportunities
The directors regularly review the Company's impact on the environment and has concluded that at present, due to the small size of the Company and the nature of its business, it has a minimal impact. However, we carry out energy assessments under the Energy Savings Opportunity Scheme ('ESOS'), established by the Energy Savings Opportunity Scheme Regulations 2014 and we report under the Streamlined Energy and Carbon Reporting ('SECR') scheme on an annual basis.

This year Group are reporting against the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations for the first time.

2022 saw Sarah Day taking on the role of Chief ESG Officer for the Group in additional to her existing role as Company Secretary. Sarah was the nominated NSF Executive responsible for managing and leading the Board's oversight of ESG-related risks and opportunities, and throughout 2022 has been instrumental in developing a new internal ESG governance structure which came into force towards the end of 2022.

The Chief ESG Officer chairs the ESG Committee, which is responsible for reviewing the Group's sustainability strategy and progress against stated targets, and assessing ESG-related risks & opportunities. An ESG Working Group consisting of a wide range of representatives from across the Group has been created to assist the ESG Committee with identifying and investigating operational activities that could support the ESG strategy.

The Group has developed and documented a clear ESG-related strategy including key metrics and targets, and regular action and progress updates, together with key developments are presented to the respective Boards within the Group.

Bi-annual ESG updates are provided to the Nomination & Governance Committee to confirm that the ESG strategies, metrics, targets, and related actions remain appropriate to fulfil the Group's agreed sustainability commitments. Assurance is provided by management that processes and procedures remain appropriate, with any changes being highlighted and rationale explained. Updates are provided on ESG-related risks and opportunities, and following thorough review, the Nomination & Governance Committee recommends Board approval of any disclosures.

Financial instruments
Details of the financial risk management objectives and policies of the Company and the exposure of the Company to market, interest rate, credit, capital management and liquidity risk are included in note 4 to the financial statements.

Scheme of Arrangements and Capital Raise

During the period the Directors, supported by the Group Directors, decided to pursue a scheme of arrangement to address the Group's redress liabilities (the "Scheme"). This intention was announced as part of the Group half year results in 2022. During the second half of 2022 we were able to publish the practice statement letter for the scheme on 17 March 2023 and on 22 June 2023 the scheme was approved by the Court

A key objective of the Scheme is to treat all affected customers equally. Although the independent review of the branch-based lending division carried out in 2021 identified no systemic issues requiring redress, as this division and the guarantor loans division trade out of the same legal entity (Everyday Lending Limited), the Scheme will encompass potential claims from both divisions in order to ensure equitable treatment of customers.

Following the approval of the scheme, on 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company's indirect parent, NSF Finco Limited, were transferred to Clareant Lending Newco Limited which is owned by its existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility to June 2027, and provided £40 million of additional liquidity.

Directors' report

Going concern
In adopting the going concern assumption in preparing the financial statements, the Directors have considered the activities of the Company and that of its parent and subsidiary companies within the Group. The Company's base case is highly dependent on that of the Group. Given the Company is a guarantor under the Group's external financing facilities, its going concern status is directly impacted by the ultimate going concern position of the Group and therefore whilst the assessment for the purposes of these financial statements reflects that of the Company, consideration has also been made in regards to that of the Group in order to reach a conclusion on going concern. As part of the going concern assessment, the Directors have considered the Group's forecasts for the five year period to 2027. Their assessment included consideration of principal risks and uncertainties as well as the future liquidity of the Company. On 22 June 2023, the scheme of arrangement proposed by the Company's indirect subsidiary Everyday Lending Limited was approved by the Court. Following this on 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in Company's indirect parent, NSF Finco Limited, the Company was transferred to Clareant Lending Newco Limited which is owned by the Company's existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility to 3 June 2027, and provided £40 million of additional liquidity.

The certainty provided by the scheme of arrangement approval and subsequent restructuring means the Directors no longer believe a material uncertainty exists in regards to the going concern position of the Company. The Directors have reviewed sensitivities to its forecasts in order to gain further comfort and note that under a downside scenario where the Company is restricted in cash and/or unable to raise additional funding beyond the £40m committed facility (noted above), the Group has the ability to reduce its lending and costs to ensure it remains in a positive liquidity position throughout the going concern period such that it can meet its liabilities as and when they fall due.

The Directors will continue to monitor the Company's risk management and internal control systems.

Directors' statement as to disclosure of information to auditor
Each Director at the date of approval of the financial statement confirms that so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that she/he ought to have taken as a director in order to make her/himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Auditor
PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Approved and signed on behalf of the Board of Directors by

C Pearson
Director

Date: 27/9/23

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

Approved and signed on behalf of the board by

C Pearson
Director

Date: 27/9/23

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVERYDAY LOANS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Everyday Loans Holdings Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report[60]. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
  - enquiries of management, review of minutes, review of legal , reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and preliminary and final analytical review.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Mark Ling

Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

27 September 2023

Statement of comprehensive income

	Note	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Operating expenses		-	-
Exceptional items	11	(9,726)	(2,410)
Loss before income tax		(9,726)	(2,410)
Income tax expense		-	-
Loss for the year		(9,726)	(2,410)
Loss attributable to:			
Equity holders of the Company		(9,726)	(2,410)
Total comprehensive loss attributable to:			
Equity holders of the Company		(9,726)	(2,410)

The Company has no recognised gains and losses other than those included in the results above.

The Company's results above are from continuing operations.

The notes on pages 28 to 35 are an integral part of these financial statements

Statement of financial position

	Note	At 31 December 2022 £000	2021 £000
ASSETS			
Fixed asset investments - investments in subsidiary undertakings	8	-	9,726
Total assets		-	9,726
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	10	30,029	30,029
Share premium	10	48,885	48,885
Retained earnings		(78,914)	(69,188)
Total equity		-	9,726
Total equity and liabilities		-	9,726

The financial statements on pages 24 to 35 were approved by the Board of Directors on 27/9/23 and were signed on its behalf by:

C Pearson
Director

Company number: 05720119

The notes on pages 28 to 35 are an integral part of these financial statements.

Statement of changes in equity

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Balance at 1 January 2021	**30,029**	**48,885**	**(66,778)**	**12,136**
Loss for the year ended 31 December 2022	-	-	(2,410)	(2,410)
Total comprehensive loss for the year	**-**	**-**	**(2,410)**	**(2,410)**
Balance at 31 December 2021	**30,029**	**48,885**	**(69,188)**	**9,726**
Total comprehensive loss for the year:				
Loss for the year	-	-	(9,726)	(9,726)
Total comprehensive loss for the year	**-**	**-**	**(9,726)**	**(9,726)**
Balance at 31 December 2022	**^30,029**	**^48,885**	**^ (78,914)**	**-**

The notes on pages 28 to 35 are an integral part of these financial statements.

Statement of cash flows

	Note	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Cash flows from operating activities			
Loss for the year		(9,726)	(2,410)
Adjustments for:			
Impairment on investments	8	9,726	2,410
Net cash flows from operating profits before changes in working capital		-	-
Changes in operating assets and liabilities:			
Net change in inter-company accounts		-	-
Net cash inflow from operating activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January 2022	9	-	-
Cash and cash equivalents at 31 December 2022		-	-

The notes on pages 28 to 35 are an integral part of these financial statements

Notes to the financial statements

1. Accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Reporting entity
The Company, Everyday Loans Holdings Limited, is a private company limited by shares that is registered in England and Wales, with company registration number 05720119. The registered address of the Company is 1st Floor North, 2 Dukes Meadow, Bourne End, Buckinghamshire, SL8 5XF. The principal activity of the Company is to hold its investment in its subsidiary undertaking, Everyday Loans Limited.

The principal activity of Everyday Loans Limited is the sourcing, provision and servicing of secured and unsecured personal instalment loans through its subsidiary Everyday Lending Limited. Prior to the transfer of assets and liabilities on 1 January 2022 the Everyday Loans Limited received service charges from Everyday Lending Limited.

1.2 Basis of presentation
As part of a listed Group, the Company elected to prepare its financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use (VIU) in IAS 36 Impairment of Assets.

The Company's financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency) and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

1.3 Going concern
In adopting the going concern assumption in preparing the financial statements, the Directors have considered the activities of the Company and that of its parent and subsidiary companies within the Group. The Company's base case is highly dependent on that of the Group. Given the Company is a guarantor under the Group's external financing facilities, its going concern status is directly impacted by the ultimate going concern position of the Group and therefore whilst the assessment for the purposes of these financial statements reflects that of the Company, consideration has also been made in regards to that of the Group in order to reach a conclusion on going concern. As part of the going concern assessment, the Directors have considered the Group's forecasts for the five year period to 2027. Their assessment included consideration of principal risks and uncertainties as well as the future liquidity of the Company. On 22 June 2023, the scheme of arrangement proposed by the Company's indirect subsidiary Everyday Lending Limited was approved by the Court. Following this on 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in Company's indirect parent, NSF Finco Limited, the Company was transferred to Clareant Lending Newco Limited which is owned by the Company's existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility to 3 June 2027, and provided £40 million of additional liquidity.

The certainty provided by the scheme of arrangement approval and subsequent restructuring means the Directors no longer believe a material uncertainty exists in regards to the going concern position of the Company. The Directors have reviewed sensitivities to its forecasts in order to gain further comfort and note that under a downside scenario where the Company is restricted in cash and/or unable to raise additional funding beyond the £40m committed facility (noted above), the Group has the ability to reduce its lending and costs to ensure it remains in a positive liquidity position throughout the going concern period such that it can meet its liabilities as and when they fall due.

Notes to the financial statements

1.4 Adoption of new and revised IFRS standards

New and amended standards and interpretations issued and effective for the financial year ended 31 December 2022

There are no other new IFRSs or International Financial Reporting Interpretations that are effective for the first time for the year ended 31 December 2022 which have a material impact on the Company. The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective (effective 1 January 2023): Amendments to IAS 1, Presentation of financial statements on classification of liabilities; IFRS 17, Insurance contracts; Amendments to IAS 8, Definition of accounting estimates; Amendments to IAS 12, Deferred tax relating to assets and liabilities from a single transaction, and IFRS Practice statement 2, disclosure of accounting policy.

1.5 Income taxation

The tax credit/expense represents the sum of the tax currently receivable/payable and any deferred tax.

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

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

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

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

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

Notes to the financial statements

1.6 Fixed asset investments
Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. In line with IAS 36, the investments in subsidiaries are assessed for indications of impairment at the end of each reporting period (and if any such indication exists, the recoverable amount is estimated and compared to carrying value) and on an annual basis. In the year ended 31 December 2022 the investment in a subsidiary undertaking was considered to be impaired – see note 8 for further detail.

1.7 Exceptional items
Exceptional items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Company's results. The Company has incurred £9.7m of exceptional costs for the year ended 31 December 2022 (2021: £2.4m). Refer to notes 8 and 11 for further detail.

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

1.9 Equity
1.9.1 Share Capital
The share capital of the company consists only of fully paid ordinary shares with a nominal (par) value of £1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the company.

1.9.2 Share Premium
Proceeds received in addition to the nominal value of shares issued are included in share premium.

2. Critical accounting judgements and key sources of estimation uncertainty
Impairment of investment in subsidiaries
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. In addition to the objective evidence of impairment described, significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether an investment is impaired.

Going concern
Assumptions made in the base case as part of the Company's going concern assessment form a significant judgement of the Directors in the context of approving the Company's going concern status. Refer note 1.3 of the financial statements for further detail.

Notes to the financial statements

3. Maturity analysis of assets and liabilities

The table below sets out the maturity analysis of the Company's assets and liabilities as at 31 December 2022;

At 31 December 2022	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Non – current assets			
Fixed asset investments – investments in subsidiary undertakings	-	-	-
Total assets	-	-	-

The table below shows the maturity analysis of the Company's assets and liabilities as at 31 December 2021;

At 31 December 2021	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Current assets			
Cash	-	-	-
Non – current assets			
Fixed asset investments – investments in subsidiary undertakings	-	9,726	9,726
Total assets	-	9,726	9,726

The Company has classified Fixed asset investment – investment in subsidiary undertakings under non – financial asset category in accordance with IFRS 9 requirement.

4. Financial risk management

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

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

Market risk

Market risk is the risk that the Fair Value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk – interest rate risk, currency risk and other prices risk.

The Company does not undertake position taking or trading books of this type. The Company's exposure is primarily to the risk of changes in interest rates.

Capital risk management

The Board of Directors assesses the capital needs of the Company on an ongoing basis and approves all capital transactions. The capital structure of the Company consists of net debt (borrowings after deducting cash and bank balances) and equity of the Company (comprising capital, reserves, retained earnings). The Company's objective in respect of capital risk management is to maintain a conservative loan-to-value ratio level with respect to market conditions, whilst taking account of business growth opportunities in a capital-efficient manner.

Notes to the financial statements

5. Operating expenses

The Company had no operating expenses in the year (2021: £nil).

The remuneration of the auditors in relation to the audit of these financial statements was £23.5k (2022: £5k) and was borne by the Company's subsidiary undertaking, Everyday Lending Limited, which makes no recharges to the Company for their services.

6. Employee information

The Company had no employees during 2022 (2021: none).

Directors' emoluments were paid by the Company's subsidiary undertaking, Everyday Lending Limited, which makes no recharges to the Company for their services.

7. Income tax expense

	2022 £000	2021 £000
Current taxation		
Corporation tax charge - current year	-	-
Income tax expense	-	-
Tax reconciliation		
Loss before tax	(9,726)	(2,410)
Tax at 19% (2022: 19%)	(1,848)	(458)
Non-taxable charge	1,848	458
Income tax expense for the year	-	-

Notes to the financial statements

8. Fixed asset investments – investments in subsidiary undertakings
The Company has taken group accounts exemption in accordance with section 400 of Companies Act 2006. Consolidated group accounts are prepared by the ultimate parent company Non-Standard Finance plc. A copy of the consolidated financial statements of Non-Standard Finance plc may be obtained from The Bothy, Rear Walled Garden, The Nostell Business Estate, Wakefield, West Yorkshire, WF4 1AB, United Kingdom.

	Shares in group undertakings £000
At 1 January 2021	12,136
Impairment charge	(2,410)
At 1 January 2022	9,726
Impairment charge	(9,726)
At 31 December 2022	-

The subsidiary undertaking of the Company at 31 December 2022 was Everyday Loans Limited:

	Country of incorporation	Interest % in ordinary shares	Principal activity
Everyday Loans Limited	United Kingdom	100	Sourcing and servicing of loans

Everyday Loans Limited made a loss for the year ended 31 December 2022 of £6.9m (2021: £11.9m) and had net assets at 31 December 2022 of £0.5m (2021: £7.3m). It is an unlisted non-banking institution, the registered address for the Company is 1st Floor North, 2 Dukes Meadow, Bourne End, Buckinghamshire SL8 5XF. Everyday Loans Limited owns 100% of the ordinary share capital of Everyday Lending Limited and George Banco Limited.

Under IFRS 13, 'Fair Value Measurement', the fair value inputs used in the impairment assessment are classified as Level 3.

Notes to the financial statements

8. Fixed asset investments – investments in subsidiary undertakings (continued)

The Company tests the carrying value of its net investment in subsidiary annually at the balance sheet date for impairment or more frequently if there are indications that the investment might be impaired. Determining whether an investment is impaired requires an estimation of the recoverable amount of each subsidiary. In line with IAS 36, the recoverable amount is the higher of its value in use ("VIU") or its fair value less cost to sell.

For the current year ended 31 December 2022, the Company has assessed the carrying value of the investments and intercompany receivables on acquisition against the net asset value of the underlying cash generating units (CGU) and their recoverable amounts in the current year. The calculation to determine the fair value less cost to sell for investments uses actual and forecast earnings and carrying values as at 31 December 2022, 2023 and 2024 multiplied by the 31 December 2022 actual and 2023-2024 forecast PE and PB multiples for comparable companies. Earnings represents profit after tax before fair value adjustments, amortisation of intangibles and exceptional items. Disposal costs have been estimated at 2%. The value in use calculation uses cash flows derived from earnings projections for the years ended 31 December 2023 to 2027, together with a terminal value based on the cash flow forecast for 2027 at a perpetuity growth rate. The resulting cash flow forecasts are then discounted at a discount rate appropriate to the subsidiary to produce a VIU to the Company. The Directors have estimated the discount rate using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the market. The Company noted the net asset value of the CGU and its recoverable value remained below carrying amount of the investments in Everyday Lending Limited and therefore additional impairment was recognised on the amounts due from subsidiaries to the net asset value of the CGU with no reversal of impairment on investments recognised.

During the year ended 31 December 2022, the Company recognised an impairment loss (2021 – loss) in its investment in subsidiaries totaling £9.7m (2021: £2.4m). The impairment losses recognised were as a result of the significant declines in the PE multiples of comparator companies in the non-standard finance market, increased uncertainty in the macroeconomic and regulatory environment and the significant impact of COVID-19 on future profitability and cash flow forecasts.

The impairment of the Company's investment is calculated as the difference between the recoverable amount and the carrying value of the investment. Recoverable amount has been calculated as the higher of fair value (FV) less cost-to-sell and value in use. The calculation to determine the FV less cost to sell for investments uses actual and forecast earnings and carrying values as at 31 December 2022, 2023 and 2024 multiplied by the 31 December 2022 actual and 2023-2024 forecast PE and PB multiples for comparable companies. Earnings represents profit after tax before fair value adjustments, amortisation of intangibles and exceptional items. Disposal costs have been estimated at 2%. The value in use calculation uses cash flows derived from earnings projections for the years ended 31 December 2023 to 2027, together with a terminal value based on the cash flow forecast for 2027 at a perpetuity growth rate. The resulting cash flow forecasts are then discounted at a discount rate appropriate to the subsidiary to produce a VIU to the Company. The Directors have estimated the discount rate using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the market. The Company noted the recoverable value remained below carrying amount of the combined investments held and therefore an impairment was recognised.

This investment is shown in the Company's accounts as £0m at the balance sheet date (2021: £9.7m).

9. Cash and cash equivalents

Cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	2022 £000	2021 £000
Cash	-	-
	-	-

Notes to the financial statements

10. Share capital and share premium

Authorised:	2022 £000	2021 £000
30,029,088 Ordinary shares of £1 each	30,029	30,029

	Ordinary shares No.	Share capital £	Share premium £
At 1 January and 31 December 2021	30,029,088	30,029,088	48,885,210
At 31 December 2022	30,029,088	30,029,088	48,885,210

All shares in issue are Ordinary shares of nominal value £1 each and are all fully paid up.

The share premium represents the excess price paid on the issue of 493,790 shares. The premium amounted to £99 per share issued.

11. Exceptional Items

During the year ended 31 December 2022, the Company recognised an impairment charge of £9.7m (2021: £2.4m) in relation to the investment in Everyday Loans Limited.

12. Related-party transactions

During the year the Company received no dividends from its subsidiary undertaking, Everyday Loans Limited (2021: £nil).

During the year the Company paid no interim dividend (2021: £nil) to its immediate parent company, Non-Standard Finance Subsidiary III Limited.

Transactions with related parties are on an arm's length basis.

13. Immediate and ultimate parent company

The immediate parent company of the Company is Non-Standard Finance Subsidiary III Limited, a private company limited by shares and registered in England and Wales. The ultimate parent company of the Company as at 31st December 2022 was Non-Standard Finance plc, a company registered in England and Wales. Non-Standard Finance plc heads the largest and smallest group in which the Company is consolidated. A copy of the consolidated financial statements of Non-Standard Finance plc may be obtained from The Bothy, The Nostell Business Estate, Wakefield, West Yorkshire, WF4 1AB, United Kingdom. On 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company's indirect parent, NSF Finco Limited, were transferred to Clareant Lending Newco Limited which is owned by its existing secured lenders.

14. Controlling party

The immediate parent company of the Company, Non-Standard Finance Subsidiary III Limited, is the controlling party of the Company.

15. Subsequent events

The Directors of Everyday Lending Limited (an indirect subsidiary of the Company), decided to pursue a scheme of arrangement to address its redress liabilities. The scheme of arrangement was sanctioned by the Court on 22 June 2023.

On 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in NSF Finco Limited, the Company's parent, NSF Finco Limited, has been transferred to Clareant Lending NewCo Limited owned by its secured lenders. As a result, the ultimate controlling party has become Clareant Lending Holdco Limited. In exchange for this, the secured lenders have released £70 m of their secured debt (via a novation of this debt to ultimate parent company Clareant Lending Holdco Limited), capitalised deferred and accrued interest due to 7 July 2023, and provided £40 million of additional committed funds. As at 22 September 2023, £31m of funds has been drawn from this facility.

Corporate contacts & advisers

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