Everyday Lending Limited
Annual report and financial statements for the year ended 31 December 2016

Registered Number 05850869

Contents

Strategic report

Principal activities and business review

The principal activity of Everyday Lending Limited ("the Company") during 2016 was the provision of unsecured personal instalment loans.

The value of loans and advances to customers is considered the most pertinent key performance indicator. As at the date of this report loans and advances to customers amounted to £131.1 million (2015: £111.1 million); an increase of 18% over the prior year.

On 13 April 2016, Non-Standard Finance PLC acquired the Everyday Loans Group, consisting of the Company, its immediate parent undertaking, Everyday Loans Limited, and its intermediate parent undertaking, Everyday Loans Holdings Limited, from Secure Trust Bank PLC.

Compliance plays an important part in the success of the Company and the immediate parent company, Everyday Loans Limited, continues to be authorised by the Financial Conduct Authority (FCA) to sell loan related and ancillary insurance products. The Company gained authorisation by the FCA to conduct consumer credit activities during the year (During 2015 the Company operated under an interim permission from the FCA to conduct consumer credit activities, this being a requirement on the transfer of licencing from the Office of Fair Trading to the FCA).

The Company made an operating profit of £46.5 million (2015: £39.4 million) in the year as the loans and advances to customers grew faster than the Group's expense base, generating economies of scale. In addition, increases in credit costs were consistent with the increasing value of loans and advances to customers as the performance of the portfolio continued to improve. The loans and advances to customers and related revenues are expected to continue to outgrow servicing costs which will enable the Company to become increasingly profitable at an operating level.

The Statement of Comprehensive Income for the year is set out on page 6. The directors are satisfied with the performance of the Company during the year and do not envisage any change in the principal activities in the ensuing year.

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 principal risks inherent in the Company's business are credit, market, liquidity, operational and conduct risks. A detailed description of the risk management policies in these areas is set out in Note 4 to the financial statements, however a short description of the risks faced are detailed below.

Credit risk is the risk that a counterparty will be unable to pay amounts in full, when due. This risk is managed through the Company's internal controls and its credit risk policies.

Market risks arise from movements in interest rate, which are exposed to general and specific market movements. All of the Company's products are contractually at variable rates; however any changes made to the rates charged are made at management's discretion.

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company takes a conservative approach to managing its liquidity profile and has a credit facility in place with its bank.

Operational risk is the risk that the Company may be exposed to financial losses from failures of its systems and processes. The Company maintains clear compliance guidelines and provides on-going training to all staff.

Conduct risk reflects the potential for customers (and the business) to suffer financial loss or other detriment through the actions and decisions made by the business and its staff. The Company takes a principles based approach, which covers both regulated and unregulated activities.

Strategic report

By order of the Board

S White
Secretary

15 March 2017

Directors' report

The directors submit their annual report and the audited financial statements for the year ended 31 December 2016.

Results for the year
The profit for the year of £2,706,000 (2015: £1,215,000) has been transferred to reserves. The directors do not recommend the payment of a final dividend for the year (2015: £nil).

Directors

C Anderson	(Resigned 02 August 2016)
S White	(Appointed 28 July 2016)
D Malone	
M Ridlington	
N Teunon	Non-Executive Director (Appointed 13 April 2016)
M Cresswell-Turner	Non-Executive Director (Appointed 13 April 2016)
J Bowers	Non-Executive Director (Resigned 13 April 2016)
P Marrow	Non-Executive Director (Resigned 13 April 2016)

Directors' interests
No director had a beneficial interest in shares of the Company during the year.

Risk management
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 overall approach to managing internal control and financial reporting is described in Note 4.

Political donations
No political donations were made by the Company during the year (2015: £nil).

Going concern
After making appropriate enquiries which assessed strategy, profitability, funding and capital resources, the directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The financial statements are therefore prepared on the going concern basis.

Auditor
So far as each of the directors are aware, there is no relevant audit information of which the Company's auditor is unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Deloitte LLP was appointed as auditor on 13 April 2016 as part of the acquisition by Non-Standard Finance PLC, and has indicated its willingness to continue in office. A resolution to reappoint it as auditor will be proposed at the next Board Meeting.

By order of the Board

S White
Secretary

15 March 2017

Statement of directors' responsibilities

The directors are responsible for preparing 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 IFRSs as adopted by the EU 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 judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

S White
Director

15 March 2017

Independent auditor's report

to the members of Everyday Lending Limited

We have audited the financial statements of Everyday Lending Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Mark Rhys, (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
15 March 2017

Statement of comprehensive income

	Note	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
Interest, fees and similar income		51,600	42,934
Interest expense and similar charges		(5,020)	(3,539)
Operating income		**46,580**	**39,395**
Impairment losses on loans and advances		(10,652)	(7,754)
Operating expenses	6	(32,508)	(30,118)
Profit before income tax		**3,420**	**1,523**
Income tax expense	8	(714)	(308)
Profit for the year		**2,706**	**1,215**
Profit attributable to:			
Equity holders of the Company		**2,706**	**1,215**
Total comprehensive income attributable to:			
Equity holders of the Company		**2,706**	**1,215**

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 10 to 19 are an integral part of these financial statements

Statement of financial position

	Note	At 31 December 2016 £000	2015 £000
ASSETS			
Cash		1,984	1,557
Loans and advances to customers	9	131,187	111,075
Deferred tax assets	14	189	267
Other assets	11	7,605	3,090
Total assets		**140,965**	**115,989**
EQUITY AND LIABILITIES			
Liabilities			
Bank borrowing	13	30,000	-
Other liabilities		14,000	-
Non-current liabilities		**44,000**	-
Bank borrowings	13	47,300	108,088
Current tax liability		503	67
Other liabilities	12	21,724	17,481
Current liabilities		**69,527**	**125,636**
Total liabilities		**113,527**	**125,636**
Equity attributable to the Company's equity holders			
Share capital	15	3	-
Share premium	15	34,376	-
Retained earnings		(6,941)	(9,647)
Total equity		**27,438**	**(9,647)**
Total equity and liabilities		**140,965**	**115,989**

The financial statements on pages 6 to 19 were approved by the Board of Directors on 15 March 2017 and were signed on its behalf by:

S White - Director

Company number: 05850869

The notes on pages 10 to 19 are an integral part of these financial statements

Statement of changes in equity

	Share capital	Share premium	Retained earnings	Total
	£000	£000	£000	£000
Deficit at 1 January 2015	-	-	(10,862)	(10,862)
Total comprehensive income for the period				
Profit for the year ended 31 December 2015	-	-	1,215	1,215
Total comprehensive income for the period	-	-	**1,215**	**1,215**
Deficit at 31 December 2015	-	-	**(9,647)**	**(9,647)**
Total comprehensive income for the period				
Profit for the year ended 31 December 2016	-	-	2,706	2,706
Total comprehensive income for the period	-	-	**2,706**	**2,706**
Transactions with owners, recorded directly in equity:				
Contributions by and distributions to owners				
Issue of share capital	3	34,376	-	34,379
Total contributions by and distributions to owners	**3**	**34,376**	-	**34,379**
Deficit at 31 December 2016	**3**	**34,376**	**(6,941)**	**27,438**

The notes on pages 10 to 19 are an integral part of these financial statements

Statement of cash flows

	Note	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
Cash flows from operating activities			
Profit for the year		2,706	1,215
Adjustments for:			
Income tax expense		714	308
Net increase in loans and advances to customers		(30,764)	(27,788)
Impairment losses on loans and advances		10,652	7,754
Income tax paid		(275)	(130)
Cash flows from operating profits before changes in working capital		(16,967)	(18,641)
Changes in operating assets and liabilities:			
- net increase in other assets		(4,468)	(492)
- net increase/ (decrease) in other liabilities		4,271	(626)
Net cash flow from operating activities		**(17,164)**	**(19,759)**
Cash flows from financing activities			
(Decrease)/Increase in other borrowed funds		(16,788)	19,759
Issue of share capital	15	34,379	-
Net cash used in financing activities		**17,591**	**19,759**
Net increase in cash and cash equivalents		427	-
Cash and cash equivalents at 1 January		1,557	1,557
Cash and cash equivalents at 31 December	17	**1,984**	**1,557**

The notes on pages 10 to 19 are an integral part of these financial statements

Notes to the financial statements

1 Principal 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
Everyday Lending Limited is a company incorporated and domiciled in the United Kingdom. The registered address of the Company is Secure Trust House, Boston Drive, Bourne End, Buckinghamshire, SL8 5YS. The Company is primarily involved in the provision of unsecured loans.

1.2 Basis of presentation
The Company's financial statements have been prepared in accordance with IFRSs (as adopted and endorsed by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The directors confirm they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing accounts.

The following International Financial Reporting Standards have been issued which are not yet effective and which have not been adopted early:

- IFRS 9 'Financial instruments' (effective for annual periods beginning after 1 January 2018). This is the IASB's replacement of IAS 39 'Financial Instruments: Recognition and Measurement'. Phase one of this standard deals with the classification and measurement of financial assets and represents a significant change from the existing requirements in IAS 39. The standard contains three primary measurement categories for financial assets: 'amortised cost', 'fair value through other comprehensive income' and 'fair value through profit or loss' and eliminates the existing categories of 'held to maturity', 'available for sale' and 'loans and receivables'. Phase two of the standard covers impairment, with a new expected loss impairment model that will require expected credit losses to be accounted for from when financial instruments are first recognised and lowers the threshold for the recognition of full lifetime expected losses. Phase three covers general hedge accounting and introduces a substantially reformed model for hedge accounting with enhanced disclosure about risk management activity. The new model aligns the accounting treatment with risk management activities. Management is in the process of assessing the impact of IFRS 9 on future periods. The Company will have additional disclosure requirements as a result of adopting IFRS 9 and the standard will result in an increase in impairment provisions due to the expected loss model being adopted.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning after 1 January 2018). This standard replaces a number of existing standards and interpretations and applies to contracts with customers, but does not apply to insurance contracts, financial instruments or lease contracts, which are in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative relevant disclosures. It introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a principles-based five-step model to be applied to all contracts with customers. This standard is unlikely to have a material impact on the Company.

- IFRS 16, 'Leases' (effective from 1 January 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases standards, IAS 17 Leases, and related interpretations. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements in IFRS 16 will be an increase in lease assets and financial liabilities. This standard may have a material impact on the Company's statement of financial position however is unlikely to have a material impact on the statement of comprehensive income.

1.3 Interest, fees and similar income
Interest income represents interest receivable on advances to customers. Interest income is recognised in the Statement of Comprehensive Income for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Fees and commissions which are not considered integral to the effective interest rate are generally recognised on a cash basis. These consist principally of arrears fees.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest is effectively provided on accounts which are more than 60 days past due.

1.4 Interest expense and similar charges
Interest expense comprises bank interest payable on loans used to finance customer receivables.

1.5 Financial assets
Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised on origination. Loans and receivables are carried at amortised cost using the effective interest method.

Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

1.6 Impairment of financial assets
Assets carried at amortised cost
On an ongoing basis the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence is the occurrence of a loss event after the initial recognition of the asset that impacts on the estimated future cash flows of the financial asset or group of financial assets, and can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include, but are not limited to, the following:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower; and
- Initiation of bankruptcy proceedings.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the loan amount multiplied by the likelihood of eventual loss, based on prior experience with similar loans. The carrying amount of the asset is reduced through the use of a provision and the amount of the loss is recognised in the statement of comprehensive income.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off when they reach 180 days contractually past due or after all the necessary procedures have been completed and the amount of the loss has been determined if earlier. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the Statement of Comprehensive Income.

A customer's account may be modified to assist customers who are in or have recently overcome financial difficulties and have demonstrated both the ability and the willingness to meet the current or modified loan contractual payments. Loans that have renegotiated or deferred terms are no longer considered to be past due but are treated as new loans, provided the customers comply with the renegotiated or deferred terms.

1.7 Income taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised.

1.8 Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

1.9 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including certain loans and advances to banks and building societies and short-term highly liquid debt securities. Bank loans and overdrafts which are repayable on demand and which form an integral part of an entity's cash management are also included as a component of cash and cash equivalents.

1.10 Financial liabilities

Financial liabilities are contractual obligations to deliver cash or another financial asset. Financial liabilities are recognised at fair value through profit or loss.

Notes to the financial statements

2. Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment losses on loans and advances
The Company reviews its loan portfolios to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3. Maturity analysis of assets and liabilities

The table below shows the contractual maturity analysis of the Company's financial assets and liabilities as at 31 December 2016:

At 31 December 2016	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Cash	1,984	-	1,984
Loans and advances to customers	40,803	90,384	131,187
Total assets	**42,787**	**90,384**	**133,171**
LIABILITIES			
Bank borrowings	47,300	30,000	77,300
Other liabilities	20,924	14,000	34,924
Total liabilities	**68,224**	**44,000**	**112,224**

The table below shows the contractual maturity analysis of the Company's financial assets and liabilities as at 31 December 2015:

At 31 December 2015	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Cash	1,557	-	1,557
Loans and advances to customers	37,312	73,763	111,075
Total assets	**38,869**	**73,763**	**112,632**
LIABILITIES			
Bank borrowings	108,088	-	108,088
Other liabilities	16,250	-	16,250
Total liabilities	**124,338**	-	**124,338**

Notes to the financial statements

4. Financial risk management

Strategy
Key risks identified by the directors are formally reviewed and assessed at least once a year by the Board, in addition to which key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures such as physical controls, credit and other authorisation limits and segregation of duties. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. There are budgeting procedures in place and reports are presented regularly to the Board detailing the results of each principal business unit, variances against budget and prior year, and other performance data.

The principal risks inherent in the Company's business are credit, market, liquidity, operational and conduct risk.

(a) Credit risk
The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the Statement of Financial Position date. Significant changes in the economy could result in losses that are different from those provided for at the Statement of Financial Position date. The senior management of the Company therefore carefully manages its exposures to credit risk as it considers this to be the most significant risk to the business.

The Company structures the levels of credit risk by placing limits on the amount of risk accepted in relation to individual borrowers or groups of borrowers. The limits on the level of credit risk are approved periodically by the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. The assets undergo a scoring process to mitigate risk and are monitored by the Board.

The Company's maximum exposure to credit risk is as follows:

	2016	2015
	£000	£000
Cash	1,984	1,557
Loan and advances to customers	131,187	111,075
At 31 December	**133,171**	**112,632**

The above table represents the maximum credit risk exposure (net of impairment) to the Company at 31 December 2015 and 2016 without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures are based on the net carrying amounts as reported in the statement of financial position.

The Company's policy on forbearance is that a customer's account may be modified to assist customers who are in, or have recently overcome, financial difficulties and have demonstrated both the ability and willingness to meet the current or modified loan contractual payments. These may be modified by way of a rescheduling or deferment of repayments. Rescheduling of debts retains the customer's contractual due dates, whilst the deferment of repayments extends the payment schedule up to a maximum of four payments in a 12 month period. As at 31 December 2016 the gross balance of rescheduled loans included in the Statement of Financial Position was £15.1 million, with an allowance for impairment on these loans of £1.0 million. The gross balance of deferred loans was £4.7 million with an allowance for impairment on these of £0.8 million. (31 December 2015: the gross balance of rescheduled loans was £14.9 million, with an allowance for impairment of £1.0 million. The gross balance of deferred loans was £3.4 million with an allowance for impairment of £0.6 million).

(b) Market risk
Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements.

(i)Currency risk
The Company has no exposures in foreign currencies.

Notes to the financial statements

(ii)Interest rate risk
Interest rate risk is the potential adverse impact on the Company's future cash flows from changes in interest rates and arises from the differing interest rate risk characteristics of the Company's assets and liabilities. In particular, fixed rate products expose the Company to the risk that a change in interest rates could cause either a reduction in interest income or an increase in interest expense relative to variable rate interest flows. All of the Company's products are contractually at variable rates; however any changes made to the rates charged are made at management's discretion.

(c) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, or can only do so at excessive cost. The Company's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations and to enable the Company to meet its financial obligations as they fall due.

The table below analyses the contractual undiscounted cash flows for the Company into relevant maturity groupings at 31 December 2015:

At 31 December 2016	Carrying amount £000	Gross nominal inflow/ (outflow) £000	Not more than 3 months £000	More than 3 months but less than 1 year £000	More than 1 year but less than 5 years £000	More than 5 years £000
Non-derivative liabilities						
Bank borrowings	77,300	(77,300)	(47,300)	-	(30,000)	-
Other liabilities	34,924	(34,924)	(20,924)	-	(14,000)	-
	112,224	**(112,224)**	**(68,224)**	-	**(44,000)**	-

The table below analyses the contractual undiscounted cash flows for the Company into relevant maturity groupings at 31 December 2015:

At 31 December 2015	Carrying amount £000	Gross nominal inflow/ (outflow) £000	Not more than 3 months £000	More than 3 months but less than 1 year £000	More than 1 year but less than 5 years £000	More than 5 years £000
Non-derivative liabilities						
Bank borrowings	108,088	(108,088)	(108,088)	-	-	-
Other liabilities	16,250	(16,250)	(16,250)	-	-	-
	124,338	**(124,338)**	**(124,338)**	-	-	-

The maturities of the Company's assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates.

(d) Operational risk
The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the senior management within the Company.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of the Internal Audit reviews are discussed with the company's senior management.

(d) Conduct risk
Conduct risk reflects the potential for customers (and the business) to suffer financial loss or other detriment through the actions and decisions made by the business and its staff. We define conduct risk as the risk that the Company's services, and the way they are delivered, result in poor outcomes for customers or markets in which we operate, or harm to the Company. This could be as a direct result of poor or inappropriate execution of our business activities or behaviour from our staff. The Company takes a principles based approach, which covers both regulated and unregulated activities. All conduct risks are rated and actions to ensure the controls to mitigate are effective are tracked in the Risk Register. The controls to mitigate conduct risk are monthly Quality Assurance reviews of customer facing activity, branch, telephony and online channels and a Conduct Risk Dashboard which reflects how the business is performing against its appetite for level of risk.

5. Financial instruments

The table below sets out the carrying value of the company's financial assets and liabilities in accordance with the categories of financial instruments set out in IAS39 as at 31 December 2016. Assets and liabilities outside the scope of IAS39 are shown within non-financial assets/liabilities:

At 31 December 2016	Loans and receivables £000	Amortised cost £000	Non-financial assets/ liabilities £000	Total £000
Assets				
Cash and cash equivalents	1,984	-	-	1,984
Loans and advances to customers	131,187	-	-	131,187
Deferred tax assets	-	-	189	189
Other assets	-	-	7,605	7,605
Total assets	**133,171**	-	**7,794**	**140,965**
Liabilities				
Bank borrowing	-	(77,300)	-	(77,300)
Current tax liability	-	-	(503)	(503)
Other liabilities	-	-	(35,724)	(35,724)
Total liabilities	-	**(77,300)**	**(36,227)**	**(113,527)**

The table below sets out the carrying value of the company's financial assets and liabilities in accordance with the categories of financial instruments set out in IAS39 as at 31 December 2015. Assets and liabilities outside the scope of IAS39 are shown within non-financial assets/liabilities

At 31 December 2015	Loans and receivables £000	Amortised cost £000	Non-financial assets/ liabilities £000	Total £000
Assets				
Cash and cash equivalents	1,557	-	-	1,557
Loans and advances to customers	111,075	-	-	111,075
Deferred tax assets	-	-	267	267
Other assets	-	-	3,090	3,090
Total assets	**112,632**	-	**3,357**	**115,989**
Liabilities				
Bank borrowing	-	(108,088)	-	(108,088)
Current tax liability	-	-	(67)	(67)
Other liabilities	-	-	(17,481)	(17,481)
Total liabilities	-	**(108,088)**	**(17,548)**	**(125,636)**

Notes to the financial statements

6. Operating expenses

The Company had £32,508,000 of operating expenses in 2016, of which £29,265,000 related to management charges from the immediate parent company Everyday Loans Limited (2015: £30,118,000, of which £29,414,000 related to management charges).

The audit fees for the current and prior year are borne by Everyday Loans Limited, the Company's immediate parent company.

7. Employee information

The Company had no employees during 2016 (2015: none). Human resources are provided by the immediate parent company Everyday Loans Limited, for which a management charge is levied.

Directors' emoluments were paid by the immediate parent company Everyday Loans Limited, which makes no recharges to the Company for their services.

8. Income tax expense

	2016 £000	2015 £000
Current taxation		
Corporation tax charge - current year	639	264
Adjustments in respect of prior periods	(3)	
	636	**264**
Deferred taxation		
Deferred tax charge - current year	38	44
Adjustments in respect of prior periods	40	
	78	**44**
Income tax expense	**714**	**308**
Tax reconciliation:		
Profit before tax	3,420	1,523
Tax at 20% (2015: 20.25%)	684	308
Expenses not deductible for tax purposes	-	3
Tax rate change adjustment for deferred tax	33	(3)
Prior period adjustments	(3)	-
Income tax expense for the period	**714**	**308**

On 2 July 2013 the Government substantively enacted a reduction in the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014 and then from 21% to 20% with effect from 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly.

Notes to the financial statements

9. Loans and advances to customers

	2016 £000	2015 £000
Gross loans and advances	138,896	116,887
Less: allowances for impairment on loans and advances (Note 10)	(7,709)	(5,812)
	131,187	**111,075**

The fair value of loans and advances to customers is considered to be in line with their carrying value.

For a maturity profile of loans and advances to customers, refer to Note 3.

Loans and advances to customers can be further summarised as follows:

	2016 £000	2015 £000
Neither past due nor impaired	127,583	108,087
Past due up to 90 days	7,025	6,170
Past due after 90 days	4,288	2,630
Gross	138,896	116,887
Less: allowance for impairment	(7,709)	(5,812)
Net	**131,187**	**111,075**

The neither past due nor impaired category include amounts which have been rescheduled or deferred as part of a forbearance programme but are currently up to date with their revised payment schedule.

The portfolio does not have a significant concentration to any individuals. Gross amounts of loans and advances to customers that were past due up to 90 days were as follows:

	2016 £000	2015 £000
Past due up to 30 days	3,103	2,997
Past due 30 - 60 days	2,297	1,781
Past due 60 - 90 days	1,625	1,392
Total	**7,025**	**6,170**

10. Allowances for impairment of loans and advances

A reconciliation of the allowance account for losses on loans and advances is as follows:

	2016 £000	2015 £000
At 1 January	5,812	4,486
Utilised during the year	(8,755)	(6,428)
Increase in provision	10,652	7,754
At 31 December	**7,709**	**5,812**

During the year the Company recovered £1,310,000 (2015: £1,178,000) against amounts previously written off.

Notes to the financial statements

11. Other assets

	2016 £000	2015 £000
Prepayments and accrued income	7,605	3,090
	7,605	**3,090**

12. Other liabilities

	2016 £000	2015 £000
Trade payables	-	17
Amounts due to related companies	20,924	16,233
Accruals and deferred income	800	1,231
	21,724	**17,481**

Amounts due to related companies
Amounts due to related companies have no fixed date for repayment and therefore it is repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value. Transactions between related parties are on an arm's length basis.

13. Bank borrowing

	2016 £000	2015 £000
Bank borrowing – due within one year	30,000	108,088
Bank borrowing – due in more than one year	47,300	-
	77,300	**108,088**

Bank borrowings represent lending facilities with Royal Bank of Scotland, Shawbrook Bank and Secure Trust Bank (2015: the entire facility was with Secure Trust Bank).

14. Deferred taxation

	2016 £000	2015 £000
Other short term timing differences	189	267
Deferred tax assets	**189**	**267**
At 1 January	267	311
Profit and loss account	(78)	(44)
Deferred tax assets at 31 December	**189**	**267**

On 2 July 2013 the Government substantively enacted a reduction in the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014 and then from 21% to 20% with effect from 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly. Deferred tax has been calculated based on the enacted rates to the extent that the related temporary or timing differences are expected to reverse in the future periods.

Notes to the financial statements

15. Share capital and share premium

	Number of shares	Share capital £	Share premium £
At 1 January 2015	1	-	-
At 31 December 2015	1	-	-
Issue of shares	343,790	3,438	34,375,562
At 31 December 2016	343,791	3,438	34,375,562

During the year 343,790 shares were issued to Everyday Loans Limited for a consideration of £100 per share.

16. Contingent liabilities and commitments

At 31 December 2016, the Company had no contingent liabilities, capital commitments, credit commitments to extend credit to customers or operating lease commitments (2015: £nil).

17. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises the following balances with less than three months maturity from the date of acquisition.

	2016 £000	2015 £000
Cash	1,984	1,557
	1,984	1,557

18. Related-party transactions

During the year the Company paid a service charge of £29,264,700 (2015: £29,414,000) to its immediate parent company Everyday Loans Limited.

Amounts due to related companies as shown in non-current liabilities and other liabilities are due to the immediate parent company Everyday Loans Limited.

19. Immediate and ultimate parent company

The directors regard Non-Standard Finance PLC, a company registered in England and Wales, as the ultimate parent company. 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 5th Floor, 6 St Andrews Street, London, EC4A 3AE.

The immediate parent company is Everyday Loans Limited; a company incorporated in Great Britain and registered in England and Wales. The accounts of Everyday Loans Limited can be obtained from Secure Trust House, Boston Drive, Bourne End, Buckinghamshire, SL8 5YS.

20. Events after the balance sheet date

There were no post balance sheet events.

Corporate contacts & advisers

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