

PCL Funding I Limited

Annual Report and Financial Statements
For the year ended 31 December 2022
Registered Number: 07623737

CONTENTS

STRATEGIC REPORT

The Directors present their strategic report on PCL Funding I Limited ("the Company") for the year ended 31 December 2022.

Review of the business
The Company is a private limited company, limited by shares, that was incorporated and registered in England and Wales on 5 May 2011 under the Companies Act 2006 and domiciled in England, UK.

The company is a Special Purpose Vehicle (SPV) established to fund the loans and receivables of Premium Credit Limited ('PCL' or the 'Originator').

The Prior Transaction was restructured, and a master trust securitisation was implemented by PCL on 2 February 2017 (the 'Securitisation Programme').

Pursuant to the Securitisation Programme, PCL Asset Trustee Limited (the 'Asset Trustee') purchases receivables in respect of insurance premium finance and other service-related receivables originated by PCL (the 'Purchased Receivables') (including those previously owned by the Company). The Asset Trustee holds the Purchased Receivables on trust (the 'Asset Trust') for any person that makes a contribution thereto pursuant to the terms of an asset trust deed dated 16 December 2016 (each a 'Beneficiary'). On 2 February 2017, the Company contributed the receivables which it had acquired pursuant to the Prior Transaction and became a Beneficiary in respect of the Purchased Receivables which meet the certain eligibility criteria. Since then, the Company funds any additional contributions it may be required to make with monies made available to it under (a) variable funding notes issued to third party financial institutions (the 'Senior Notes'), (b) a variable funding note issued to PCL ITN Issuer Limited and (c) a variable funding note issued to PCL (together the 'Notes').

There have been regular maturity extensions and changes of Senior Notes purchasers since, the most recent of which took place in July 2021, where the facility was decreased by £196.0 million to £630.0 million and the final legal maturity date of the Senior Notes was extended to 29 July 2026.

Interest income and interest expense are higher than the prior year mainly due to higher SONIA/LIBOR rates.

The Company has been structured to be insolvency remote from Premium Credit Limited, and neither Premium Credit Limited nor any associated body thereof owns directly or indirectly any shares of the Company. As such, the parties to the Securitisation Programme (the Company, the Trustees and Premium Credit Limited) have agreed that its recourse should be limited to its available assets. Therefore, the extent that the economic impacts of the tail end of the Covid-19 pandemic, inflationary pressures on energy and commodities prices generated by the global macroeconomic uncertainty, and the resulting 'cost of living' issues has an impact on the receivables allocated to its trust interest (which results in a shortfall in the Company's available funds) any losses will ultimately result in losses for the noteholders and not the Company.

The Company has put into place processes to mitigate any related operational risk, for example in relation to access to information about the performance of the Purchased Receivables, ongoing governance and oversight through remote working, since the onset of Covid-19. The Directors have assessed the impact of the outbreak of Covid-19 on the Company and believes the impact on the Company will be limited, due to any losses ultimately being incurred by the noteholders, not the Company.

Reporting
The Company has prepared its financial statements under UK GAAP (FRS 101) – Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking, Platinum Credit Topco Limited, was notified of and did not object to the use of the UK-adopted IFRS disclosure exemptions.

Results
The result for the year ended 31 December 2022 is a profit of £1k (2021: £1k). Net assets at 31 December 2022 were £7k (2021: £6k).

Key performance indicators
The performance of the Deemed loan is reviewed on a monthly basis by the Company's management. Given the nature of the business, the Company's Directors consider that the level of interest income and interest expense as per note 6 and the external borrowings balance per note 14, are key performance indicators for the Company.

Principal risks and uncertainties
The Company's main business risk is Liquidity risk.

Liquidity risk reflects the risk that cashflows from the Deemed Loan (as defined in Note 2 to the Financial Statements) to which the Company is a Beneficiary will not meet the obligations to noteholders as they fall due. The repayment is dependent upon the performance of the underlying Purchased Receivables, which is reviewed on a regular basis. The obligations of the Company to pay amounts due on the Notes are however limited to the application of receipts from the Deemed loan under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the noteholders, there will be no further recourse to the Company. As a result, the liquidity risk is limited for the Company.

Approved by the Board on 26 April 2023 and signed on its behalf by:

Stuart Watson, Attorney
Wilmington Trust SP Services (London) Limited
For and on behalf of PCL Funding I Limited
Director

REPORT OF THE DIRECTORS

The Directors present their report and audited financial statements of the company for the year ended 31 December 2022.

Future developments
The Directors do not anticipate any other changes to the present level of activity, or the nature of the Company's business in the near future.

Principal activities
The principal activity of the company in the year was to provide funding for receivables originated by Premium Credit Limited and the issuing of variable funding notes ('VFNs'). The Company issues VFNs to purchasers. Each VFN bears interest on its note principal balance from the issue date. Such interest is payable in arrears on each settlement date in respect of the interest payment year ending on that settlement date. The rate of interest payable from time to time in respect of the VFN for each interest period is equal to the sum of i) the base rate agreed with each respective purchaser and ii) the applicable margin.

Directors
The Directors, who were in office during the year and up to the date of signing the financial statements unless otherwise stated were:

Wilmington Trust SP Services (London) Limited
Daniel Jonathan Wynne

The Company has no employees.

Qualifying third-party and pension scheme indemnity provisions
During the financial year and at the date of approval of these financial statements, the Company maintained liability insurance and third-party indemnification provisions for its Directors, under which the Company has agreed to indemnify the Directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies. These indemnities are Qualifying Third-Party Indemnity Provisions as defined in Section 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Company during business hours on any weekday except public holidays.

Results
The results and balance sheet position for the year are set out in the strategic report on page 4. The Directors do not recommend the payment of a dividend and there were no dividends paid in the year.

Donations
No donations were made during the year (2021: £nil).

Going concern
The obligations of the Company to pay amounts due on the Notes are limited to the application of receipts from the Deemed Loan under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the noteholders, there will be no further recourse to the Company (even in the event of default).

The Directors have reviewed the forecasts of the Company and of the wider Platinum Credit Holdco Limited group 'the Group' taking into consideration longer-term commitments and repayments of interest on external debt. Having reviewed these forecasts, and taken into account the forecast covenant compliance position of the group (pursuant to dependent loans across the Group), it is the intention of the Directors, for the Company to continue operations until such a time as the amounts due from the Purchased Receivables have been fully realised. Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the loans will be a risk to the noteholders.

The Directors have considered the impact of the tail end of the Covid-19 pandemic, inflationary pressures on energy and commodities prices generated by the global macroeconomic uncertainty, and the resulting 'cost of living' issues on the Company. The Directors note that the Company has been structured to be insolvency remote therefore the transaction parties (including the noteholders) have agreed that its recourse should be limited to its available assets. Accordingly, the tail end of the Covid-19 pandemic, inflationary pressures on energy and commodities prices generated by the global macroeconomic uncertainty, and the resulting 'cost of living' issues has an impact on the receivables allocated to its trust interest which results in a shortfall in the Company's available funds, such shortfall will ultimately result in losses for the noteholders and not the Company. Whilst it is not possible to fully quantify the potential financial effect on the Company at this stage, on the basis of the foregoing the Directors believe that the company will be able to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

Taking the above into account, the Directors consider that it is appropriate to use the going concern basis in preparing the financial statements.

Principal risks and uncertainties
The principal risks and uncertainties including the liquidity risk are set out in the Strategic report on page 3.

Financial risk management
The directors have presented the financial risks relevant to the company within the Principal risks and uncertainties section of the Strategic Report.

Post balance sheet events
There were no post balance sheet events.

Statement of Directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 26 April 2023 and signed on its behalf by:

Stuart Watson, Attorney for
Wilmington Trust SP Services (London) Limited
For and on behalf of PCL Funding I Limited
Director

Independent auditors' report to the members of PCL Funding I Limited

Report on the audit of the financial statements

Opinion

In our opinion, PCL Funding I Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2022; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to a breach of the contractual requirements under the private debt agreement, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of director meetings occurring during the year; and
- Challenge of assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Joseph Wayne

Joseph Wayne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2023

Income statement

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Interest income	6	**9,468**	4,416
Interest expense	6	**(9,468)**	(4,416)
Net interest income		**-**	-
Fee income	7	**194**	193
Fee expense	7	**(193)**	(192)
Operating profit	9	**1**	1
Income tax expense	10	-	-
Profit for the financial year		**1**	1

Results relate to continuing operations.

The Company has no other comprehensive income other than those included in the results above, and therefore no separate statement of comprehensive income has been disclosed.

Balance sheet

As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets			
Current assets			
Deemed loan	11	**530,180**	445,783
Cash and cash equivalents	12	**32,562**	21,713
Prepayments	13	**127**	123
Total current assets		**562,869**	467,619
Total assets		**562,869**	467,619
Liabilities			
Non-current liabilities			
Borrowings	14	**537,077**	453,784
Total non-current liabilities		**537,077**	453,784
Current liabilities			
Accrued expenses and other payables	15	**25,785**	13,829
Total current liabilities		**25,785**	13,829
Total liabilities		**562,862**	467,613
Net assets		**7**	6
Equity			
Called up share capital	16	**-**	-
Retained earnings		**7**	6
Total equity		**7**	6
Total equity and liabilities		**562,869**	467,619

The financial statements on pages 11 to 19 were approved by the Board of Directors on 26 April 2023 and signed on its behalf by:

Stuart Watson, Attorney for
Wilmington Trust SP Services (London) Limited
For and on behalf of PCL Funding I Limited
Director

Statement of changes in equity

For the year ended 31 December 2022

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 January 2021	-	5	5
Profit for the financial year	-	1	1
At 31 December 2021 and 1 January 2022	-	6	6
Profit for the financial year	-	1	1
At 31 December 2022	-	7	7

Notes to the financial statements

1. General information

PCL Funding I Limited is a Special Purpose Vehicle ('SPV'), limited by shares, in the consolidated Mizzen Mezzco Limited and Platinum Credit Holdco Limited Group's and incorporated and domiciled in the United Kingdom. The financial statements present the results for the year ended 31 December 2022.

2. Accounting policies

A summary of the principal accounting policies, which have been applied consistently, is set out below:

(a) Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework however, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of PCL Funding I Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements.*
- The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement.*
- The requirements of IAS 7 *Statement of Cash Flows.*
- The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*
- The requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures.*
- The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction that is wholly owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of IFRS 7 *Financial Instruments: Disclosures.*

(b) Going concern

The obligations of the Company to pay amounts due on the Notes are limited to the application of receipts from the Deemed Loan under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the noteholders, there will be no further recourse to the Company (even in the event of default).

The Directors have reviewed the forecasts of the Company and of the wider Platinum Credit Holdco Limited group 'the Group' taking into consideration longer-term commitments and repayments of interest on external debt. Having reviewed these forecasts, and taken into account the forecast covenant compliance position of the group (pursuant to dependent loans across the Group), it is the intention of the Directors, for the Company to continue operations until such a time as the amounts due from the Purchased Receivables have been fully realised. Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the loans will be a risk to the noteholders.

The Directors have considered the impact of the tail end of the Covid-19 pandemic, inflationary pressures on energy and commodities prices generated by the global macroeconomic uncertainty, and the resulting 'cost of living' issues on the Company. The Directors note that the Company has been structured to be insolvency remote therefore the transaction parties (including the noteholders) have agreed that its recourse should be limited to its available assets. Accordingly, the tail end of the Covid-19 pandemic, inflationary pressures on energy and commodities prices generated by the global macroeconomic uncertainty, and the resulting 'cost of living' issues has an impact on the receivables allocated to its trust interest which results in a shortfall in the Company's available funds, such shortfall will ultimately result in losses for the noteholders and not the Company. Whilst it is not possible to fully quantify the potential financial effect on the Company at this stage, on the basis of the foregoing the Directors believe that the company will be able to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

Taking the above into account, the Directors consider that it is appropriate to use the going concern basis in preparing the financial statements.

(c) Interest income
Interest income is recognised in the income statement on Effective Interest Rate (EIR) basis. The EIR method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the expected life of asset. The EIR is the rate that exactly discounts estimated future cashflows to the instrument's initial carrying amount.

(d) Interest expense
Interest expense is also recognised on an EIR basis and is on the amount due on Borrowings.

(e) Fee income and expense
Fee expense relates to various third party corporate and banking services provided to the Company, these expenses are recorded as the services are rendered. Fee income is a recharge to the Originator, Premium Credit Limited, and represents the recovery of fee expense and accounted on the same basis as fee expense.

(f) Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted as at the balance sheet date.

(g) Cash and cash equivalents
Cash and cash equivalents comprise deposits with banks.

(h) Deemed loan
The loans and advances to customers legally sold to the Company fail the derecognition criteria of IFRS 9 (and its predecessor IAS 39) as Premium Credit Limited (the Seller) has retained significant risk and rewards of ownership and therefore these loans remain on the Statement of Financial Position of the Seller. IFRS 9 (and its predecessor IAS 39) therefore requires the Seller to recognise a deemed loan financial liability on its Statement of Financial Position and the resulting deemed loan asset is held on the Company's Statement of Financial Position. This deemed loan initially represents the consideration paid by the Company in respect of the acquisition and the beneficial ownership of the securitised loans and advances to customers and is subsequently adjusted with any repayments made by the Seller to the Company.

The deemed loan balance is shown net of any loan payable to Premium Credit Limited. Similarly, interest receivable on the deemed loan is presented net of loan interest payable.

(i) Borrowings
Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised costs with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an EIR basis.

(j) Share capital
Ordinary shares are classified as equity.

3. New standards, amendments and IFRS Interpretations Committee (IFRS IC) interpretations

A number of new accounting standards and amendments to accounting standards have been issued by the IASB, which are not yet effective and have not been early adopted by the Company. These are set out below:

- Insurance contracts- Amendments to IFRS 17 (effective for periods beginning 1 January 2023 of when applying IFRS 15). No impact is expected.

4. Critical accounting estimates and judgements

The accounting estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Effective interest rate

In calculating the effective interest rate of a financial instrument, the Company takes into account all amounts that are integral to the yield. In the case of the deemed loan, judgement is applied in estimating future cash flows. Judgement is also required in estimating the expected life of purchased receivables. A change in the estimate of any of the key variables in this calculation could have the potential to materially impact their carrying value.

b) Recoverability of deemed loan

Debtor balances are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. The company applies the IFRS 9 simplified approach to measure expected credit losses which uses a 12-month expected loss allowance for amounts due from the other group companies. The most significant estimates are the assessment of impairment of the underlying trading company (i.e., Premium Credit Limited); hence the financial results and expected future cash flows of Premium Credit Limited are used as part of this assessment.

5. Segmental reporting

The whole of the company's operations are carried out in the United Kingdom.

6. Net interest income

	2022	2021
	£'000	£'000
Interest receivable on:		
Deemed loan	**9,468**	4,416
Bank accounts	**404**	-
Interest income	**9,872**	**4,416**
Interest payable on:		
Borrowings	**(9,872)**	(4,416)
Interest expense	**(9,872)**	**(4,416)**
Net interest income	**-**	**-**

7. Net fee income

	2022	2021
	£'000	£'000
Fee income	**194**	193
Fee income	**194**	193
Fee expense	**(193)**	(192)
Fee expense	**(193)**	(192)
Net fee income	**1**	1

All fees incurred and paid for by the Company are recovered from the Originator. In accordance with the terms of the Securitisation Programme, the Company makes a profit before tax of £1,500 per year.

8. Employee information

The Company has no employees (2021: nil). None of the Directors were directly remunerated by the Company in respect of their duties as Directors of the Company (2021: £nil). The corporate administrative duties of the Company have been outsourced to an external services provider Wilmington Trust SP Services (London) Limited. These services include but are not limited to the provision of Directors' services. The charge which in 2022 amounted to £27,087 as disclosed in note 17 (2021: £25,000), also includes administration and other costs and it is not possible to identify separately the amount for the provision of Directors' services.

9. Operating profit

Auditors' remuneration for audit services of £6,250 (2021: £5,500) has been borne and paid for by the Originator.

10. Income tax expense

	2022	2021
	£'000	£'000
Tax expense	-	-
Total tax expense	-	-

The Company's profits for this accounting year are taxed at the applicable rate of 19%. (2021: 19%)

	2022	2021
	£'000	£'000
Profit on ordinary activities before taxation	1	1
Factors affecting expense for the year:		
Profit on ordinary activities before taxation multiplied by a tax rate of 19% (2021: 19%)	-	-
Tax exempt income/non-deductible expenditure	-	-
Total tax expense	-	-

The headline rate of UK corporation tax remains at 19% for 2022.

11. Deemed loan

	2022	2021
	£'000	£'000
Deemed loan	**530,180**	445,783

The deemed loan is secured on the beneficial interest in loans to customers originated by Premium Credit Limited, the Originator. The repayment of the loan by the Originator is directly linked to the redemption of the notes issued to the noteholders (refer to note 14 for loan terms).

12. Cash and cash equivalents

	2022	2021
	£'000	£'000
Bank balances	**32,562**	21,713
Cash and cash equivalents	**32,562**	21,713

13. Prepayments

	2022	2021
	£'000	£'000
Prepayments	**127**	123
Prepayments	**127**	123

14. Borrowings

	2022	2021
	£'000	£'000
Notes	**505,927**	422,384
Subordinated notes	**31,150**	31,400
Borrowings	**537,077**	453,784

The interest rate, repayment dates and the balances at 31 December 2022 of the notes are shown in below table:

Note Class	**Note balance (£000)**	**Interest rate**	**Reinvestment period end date**	**Final legal maturity**
A	489,339	SONIA + Variable %	29 July 2024	29 July 2026
B	16,588	SONIA + Variable %	29 July 2024	29 July 2026
	31,150	Nil	29 July 2024	29 July 2026

The interest rate, repayment dates and the balances at 31 December 2021 of the notes are shown in below table:

Note Class	**Note balance (£'000)**	**Interest rate**	**Reinvestment period end date**	**Final legal maturity**
A	408,160	SONIA + Variable %	29 July 2024	29 July 2026
B	14,224	SONIA + Variable %	29 July 2024	29 July 2026
	31,400	Nil	29 July 2024	29 July 2026

15. Accrued expenses and other payables

	2022	2021
	£'000	£'000
Accrued expenses	**11**	5
Interest payable	**613**	127
Intercompany payables	**25,161**	13,697
Accrued expenses and other payables	**25,785**	13,829

16. Called up share capital

	2022	2021
	£'000	£'000
Allotted and fully paid		
1 ordinary share of £1.00 (2021: 1 ordinary share of £1.00)	-	-
Called up share capital	-	-

Single class of Ordinary Shares which participate in dividends and distribution of capital equally and each have one vote per share.

17. Related party transactions
During the year £27,087 (2021: £25,000) was charged by Wilmington Trust SP Services (London) Limited for corporate services.

At year end, the amount due to Premium Credit Limited was £nil (2021: £nil). Interest and fees earned from Premium Credit Limited during the year were £10,066,830 (2021: £4,609,540).

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned group undertakings.

18. Ultimate controlling party and ultimate parent undertaking
The entire share capital of the Company is held by the legal parent company, Wilmington Trust SP Services (London) Limited, which holds the share on a discretionary trust basis for the benefit of certain charities.

The ultimate controlling party changed during the year and at 31 December 2022 is Towerbrook Capital Partners Limited (previously the Fifth Cinven Fund which is managed by Cinven Capital Management (V) General Partner Limited).

The smallest group in which the Company is consolidated is Mizzen Mezzco limited, a company registered in England and Wales. Financial statements for Mizzen Mezzco Limited can be obtained from its registered office at Ermyn House, Ermyn Way, Leatherhead, England KT22 8UX.

19. Charges
The Company has one charge with entitlement to Deutsche Trustee Company Limited.

20. Post balance sheet events
There were no post balance sheet events.

CORPORATE INFORMATION

Directors	Wilmington Trust SP Services (London) Limited Daniel Jonathan Wynne
Company Secretary	Wilmington Trust SP Services (London) Limited
Registered Office	C/O Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Company number	07623737
Conduit Banks	Gresham Receivables (No. 34) Ltd (Lloyds Banking Group plc) Antalis S.A. (Societe Generale) Bodiam Hill Ltd (Bank of America Merrill Lynch) Irish Ring Receivables Purchaser DAC (Royal Bank of Canada)
Retail bank	HSBC Bank plc
Administration Agent	Lloyds Banking Group plc
Registrar	Wilmington Trust SP Services (Dublin) Limited
Security Trustee	Deutsche Trustee Company Limited
Originator	Premium Credit Limited
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT