

# NewDay Group Ltd

Company number 07753556

Annual report and financial statements

31 December 2018



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## **General information**

### **Directors**

James Corcoran  
Paul Sheriff

### **Registered office**

7 Handyside Street  
London  
N1C 4DA

### **Solicitor**

Slaughter and May  
1 Bunhill Row  
London  
EC1Y 8YY

### **Auditor**

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

# Strategic report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2018.

## Incorporation and principal activity

NewDay Group Ltd (the "Company") was incorporated and domiciled in England and Wales on 26 August 2011. The Company was formed to acquire all of the interest in NewDay Cards Ltd.

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

The Company is an investment company, no dividends were paid or received in 2018 (2017: £13.0m and £17.8m respectively).

On 13 April 2017 the Company issued 14,776,647 ordinary shares with a nominal value of £1 each for £88.7m. On 4 December 2017 the Company reduced its issued share capital from 80,515,766 shares of nominal value £1 each to 1,000 shares with a nominal value of £1 each. The share capital and entire share premium of £80.5m and £73.9m respectively was converted to distributable reserves as part of this capital reduction.

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

## Principal risks and uncertainties

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

The Company has a significant investment in another entity. There is a risk that the value of this investment may deteriorate as a result of the performance of the subsidiary. Performance is reviewed on a regular basis and corrective action to protect the value of the investment is taken as appropriate.

## Key performance indicators

Given the nature of the business, the Company's Directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

## Results and dividends

The audited financial statements for the year ended 31 December 2018 are set out on pages 8 to 17. The result for the year after taxation was £nil (2017: profit of £14.3m) as shown in the statement of profit and loss and other comprehensive income on page 8.

The Directors proposed no dividends for the year ended 31 December 2018 (2017: £13.0m).

On behalf of the Board



**Paul Sheriff**  
Director  
London  
12 March 2019

## Directors' report

The Directors present their report for the year ended 31 December 2018.

### Directors

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

James Corcoran  
Paul Sheriff

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

### Corporate governance statement

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

### Going concern

The Company is solely dependent on the performance of its subsidiary NewDay Cards Ltd to ensure the carrying value of its investment is recoverable. The Directors believe that the existing plans and projections of business performance will be sufficient to allow the Company to continue to meet its current obligations. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the approval of the financial statements. The impact of Brexit has also been considered as part of the Group-wide Brexit assessment of the NewDay Group (Jersey) Limited group of companies. This included conducting scenario analysis of the potential impact of a no-deal Brexit on profitability and the capital markets and assessing the ability to refinance in this scenario. Considering the scenario analysis and the current funding position, there are no material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### Disclosure of information to the auditor

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

### Auditor

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

These financial statements were authorised for issue on behalf of the Board.



Paul Sheriff  
Director  
12 March 2019

## 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 International Financial Reporting Standards as adopted by the European Union (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 judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

On behalf of the Board



**Paul Sheriff**  
Director  
12 March 2019

# Independent auditor's report

## Opinion

We have audited the financial statements of NewDay Group Limited ("the company") for the year ended 31 December 2018 which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as impairment of investment, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## Strategic report and directors' report

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

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

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

## Independent auditor's report (continued)

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

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

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

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

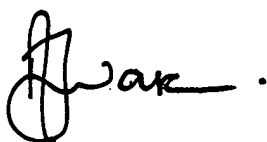
### Auditor's responsibilities

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

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

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

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



**Andrew Walker (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

12 March 2019

## Statement of profit and loss and other comprehensive income

|  |      | Year ended<br>31 December<br>2018<br>£m | Year ended<br>31 December<br>2017<br>£m |
|--|------|---|---|
|  | Note |   |   |
| Income from shares in Group undertakings | 11   | -                                       | 17.8                                    |
| Interest and similar expense             | 3    | -                                       | (3.5)                                   |
| <b>Operating profit</b>                  |      | <b>-</b>                                | <b>14.3</b>                             |
| <b>Profit before tax</b>                 |      | <b>-</b>                                | <b>14.3</b>                             |
| Tax expense                              | 5    | -                                       | -                                       |
| <b>Profit for the year</b>               |      | <b>-</b>                                | <b>14.3</b>                             |
| Other comprehensive expense              |      | -                                       | -                                       |
| <b>Total comprehensive income</b>        |      | <b>-</b>                                | <b>14.3</b>                             |

The notes on pages 12 to 17 form an integral part of these statutory financial statements.

## Statement of financial position

|                             |      | As at<br>31 December<br>2018<br>£m | As at<br>31 December<br>2017<br>£m |
|-----------------------------|------|------------------------------------|------------------------------------|
|                             | Note |                                    |                                    |
| <b>Assets</b>               |      |                                    |                                    |
| Investment in subsidiary    | 6    | 72.6                               | 72.6                               |
| Loans and advances to banks | 7    | -                                  | 12.0                               |
| <b>Total assets</b>         |      | <b>72.6</b>                        | <b>84.6</b>                        |
| <b>Liabilities</b>          |      |                                    |                                    |
| Other liabilities           | 8    | -                                  | 12.0                               |
| <b>Total liabilities</b>    |      | <b>-</b>                           | <b>12.0</b>                        |
| <b>Net assets</b>           |      | <b>72.6</b>                        | <b>72.6</b>                        |
| <b>Capital and reserves</b> |      |                                    |                                    |
| Share capital               | 9    | -                                  | -                                  |
| Capital contribution        | 9    | 8.9                                | 8.9                                |
| Retained earnings           |      | 63.7                               | 63.7                               |
| <b>Total equity</b>         |      | <b>72.6</b>                        | <b>72.6</b>                        |

The notes on pages 12 to 17 form an integral part of these statutory financial statements.

The financial statements on pages 8 to 17 were approved by the Board of Directors on 12 March 2019 and signed on its behalf by:



**Paul Sheriff**  
Director

Company number. 07753556

## Statement of changes in equity

|   | Share<br>capital<br>£m | Share<br>premium<br>£m | Capital<br>contribution<br>£m | Retained<br>earnings<br>£m | Total<br>equity<br>£m |
|---|------------------------|------------------------|-------------------------------|----------------------------|-----------------------|
| At 1 January 2018                       | -                      | -                      | 8.9                           | 63.7                       | 72.6                  |
| Total comprehensive income for the year | -                      | -                      | -                             | -                          | -                     |
| <b>At 31 December 2018</b>              | <b>-</b>               | <b>-</b>               | <b>8.9</b>                    | <b>63.7</b>                | <b>72.6</b>           |

|   | Share<br>capital<br>£m | Share<br>premium<br>£m | Capital<br>contribution<br>£m | Retained<br>earnings /<br>(losses)<br>£m | Total<br>equity /<br>(deficit)<br>£m |
|---|------------------------|------------------------|-------------------------------|--|--------------------------------------|
| At 1 January 2017                       | 65.7                   | -                      | 8.9                           | (92.0)                                   | (17.4)                               |
| Issued during the year                  | 14.8                   | 73.9                   | -                             | -  | 88.7                                 |
| Capital reduction during the year       | (80.5)                 | (73.9)                 | -                             | 154.4                                    | -                                    |
| Total comprehensive income for the year | -                      | -                      | -                             | 14.3                                     | 14.3                                 |
| Dividends paid                          | -                      | -                      | -                             | (13.0)                                   | (13.0)                               |
| <b>At 31 December 2017</b>              | <b>-</b>               | <b>-</b>               | <b>8.9</b>                    | <b>63.7</b>                              | <b>72.6</b>                          |

The notes on pages 12 to 17 form an integral part of these statutory financial statements.

## Statement of cash flows

|  |      | Year ended<br>31 December<br>2018 | Year ended<br>31 December<br>2017 |
|--|------|-----------------------------------|-----------------------------------|
|  | Note | £m                                | £m                                |
| <b>Operating activities</b>                          |      |                                   |                                   |
| Profit before tax                                    |      | -                                 | 14.3                              |
| Adjustments for:                                     |      |                                   |                                   |
| Interest and similar expense                         | 3    | -                                 | 3.5                               |
| Changes in working capital:                          |      |                                   |                                   |
| Decrease in other liabilities                        | 8    | (12.0)                            | (81.5)                            |
| <b>Net cash used in operating activities</b>         |      | <b>(12.0)</b>                     | <b>(63.7)</b>                     |
| <b>Financing activities</b>                          |      |                                   |                                   |
| Issue of ordinary share capital and share premium    | 9    | -                                 | 88.7                              |
| Dividends paid                                       | 9    | -                                 | (13.0)                            |
| <b>Net cash generated from financing activities</b>  |      | <b>-</b>                          | <b>75.7</b>                       |
| Net (decrease)/increase in cash and cash equivalents |      | (12.0)                            | 12.0                              |
| Cash and cash equivalents at beginning of year       |      | 12.0                              | -                                 |
| <b>Cash and cash equivalents at end of year</b>      | 7    | <b>-</b>                          | <b>12.0</b>                       |

The notes on pages 12 to 17 form an integral part of these statutory financial statements.

# Notes to the financial statements

## 1. Corporate information

NewDay Group Ltd (the "Company") was incorporated in England and Wales on 26 August 2011. The address of its registered office is included on page 2. The principal activities of the Company are described in the strategic report.

The financial statements of the Company for the year ended 31 December 2018 were authorised for issue by the Directors on 12 March 2019.

## 2. Accounting policies

### 2.1 Basis of preparation

#### Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS as endorsed by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

#### Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has sufficient resources to continue in business for the foreseeable future. The impact of Brexit has also been considered as part of the Group-wide Brexit assessment of the NewDay Group (Jersey) Limited group of companies. This included conducting scenario analysis of the potential impact of a no-deal Brexit on profitability and the capital markets and assessing the ability to refinance in this scenario. Considering the scenario analysis and the current funding position, there are no material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis as outlined in the statement of Directors' responsibilities.

### 2.2 Summary of significant accounting policies

#### (1) Foreign currency

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

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

Income is recognised to the extent that it is probable that economic benefits will flow to the Company and the amount can be reliably measured. Expenses are recognised on an accruals basis when the amounts are incurred by the Company and the amount can be reliably measured. Interest expense is recognised on an accruals basis at the appropriate loan agreement rate.

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

Loans and advances to banks, comprise cash in hand, unrestricted current accounts and amounts due on demand or with an original maturity of three months or less.

#### (4) Tax expense

##### Current tax

Current tax assets and liabilities arising in the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the tax balances are those that are enacted or substantively enacted by the reporting date.

##### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using the tax rate and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related tax asset is realised or the tax liability is settled. Deferred tax assets are recognised only when it is probable that future taxable profits will be available against which these temporary differences can be utilised. The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

## Notes to the financial statements (continued)

### (5) Investment in subsidiary undertaking

The Company's equity investment in its subsidiary undertaking, NewDay Cards Ltd, is recorded at cost less any provision for impairment. At each reporting date an assessment is undertaken to determine if there is any indication of impairment.

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

### (6) Share capital

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

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Company having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds are included in equity, net of transaction costs.

### (7) Dividends on ordinary shares

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

## 2.3 Significant accounting judgements, estimates and assumptions

In the process of applying the Company's accounting policies in conformity with IFRS, the Directors have exercised judgement and used estimates in determining the amounts recognised in the financial statements. The most significant uses of judgement and estimates are as follows:

### Impairment of investment

The Company assesses at each reporting date whether there is any objective evidence that its investment in its subsidiary is impaired. If such evidence exists, the Company estimates the recoverable amount and the investment will be written down to this amount if this is lower than the carrying value. Impairment losses are recognised in the statement of profit and loss.

## 2.4 Adoption of new and revised standards

The following new standards, interpretations and amendments to existing standards are mandatory for the first time for the year ended 31 December 2018 but do not have a significant impact on the Company:

- IFRS 15 'Revenue from Contracts with Customers' became effective on 1 January 2018 and therefore is mandatory for the first time for the year ending 31 December 2018. IFRS 15 replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts', and establishes a comprehensive framework for determining whether, how much and when revenue is recognised on contracts from customers. The adoption of IFRS 15 has not had a significant impact on the Company;
- Amendments to IFRS 2 'Share-based Payment';
- Amendments to IAS 12 'Income Taxes'; and
- Annual improvements to IFRSs 2014-2016 cycle.

## 2.5 Standards issued but not yet effective

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

- IFRS 16 'Leases'. IFRS 16 eliminates the classification of leases as either operating or finance leases and introduces a single lessee accounting model. Lessees will recognise a right-of-use asset and a corresponding lease liability. The asset will be amortised over the length of the lease and the financial liability will be measured at amortised cost. The standard becomes effective on 1 January 2019 but is not expected to have a significant impact on the Company's financial statements;

## Notes to the financial statements (continued)

### 2.5 Standards issued but not yet effective (continued)

- Amendments to IFRS 9 for prepayment features with negative compensation and modifications of financial liabilities. This standard is not expected to have a significant impact on the Company's financial statements;
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'. The amendment addresses equity-accounting loss absorption by long-term interests and is not expected to have a significant impact on the Company's financial statements;
- IFRS 17 'Insurance Contracts'. IFRS 17 replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. This standard is not expected to have a significant impact on the Company's financial statements;
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. The amendments resolve the conflict between the existing guidance on consolidation and equity accounting. This standard is not expected to have a significant impact on the Company's Financial Statements; and
- Annual improvements to IFRSs 2015-2017 cycle. This standard is not expected to have a significant impact on the Company's financial statements.

### 3. Interest and similar expense

|   | Year ended<br>31 December<br>2018<br>£m | Year ended<br>31 December<br>2017<br>£m |
|---|---|---|
| Interest payable on debt arrangements with Group entities | -                                       | 3.5                                     |
|   | -                                       | 3.5                                     |

### 4. Administration expenses

External audit fees of £5,500 (2017: £5,000) for the audit of the Company's financial statements were borne by its subsidiary, NewDay Cards Ltd.

The Company has no employees. The Directors did not receive any emoluments in respect of their services to the Company for the period (2017: £nil).

### 5. Tax expense

|             | Year ended<br>31 December<br>2018<br>£m | Year ended<br>31 December<br>2017<br>£m |
|-------------|---|---|
| Tax expense | -                                       | -                                       |
|             | -                                       | -                                       |

For the period from 1 January 2018 to 31 December 2018 the enacted UK corporation tax rate was 19.00% (2017 average tax rate: 19.25%). From 1st April 2020 the tax rate is expected to be 17%.

The tax reconciliation is show below:

|   | Year ended<br>31 December<br>2018<br>£m | Year ended<br>31 December<br>2017<br>£m |
|---|---|---|
| Profit before tax   | -                                       | 14.3                                    |
| Tax charge at average UK corporation tax of 19.00% (2017: 19.25%) | -                                       | 2.8                                     |
| Effects of:   |   |   |
| Disallowable items  | -                                       | (3.1)                                   |
| Company losses offset against Group profits                       | -                                       | 0.3                                     |
| <b>Tax expense</b>  | <b>-</b>                                | <b>-</b>                                |

## Notes to the financial statements (continued)

### 6. Investment in subsidiary

The Company holds a 100% share of the ordinary shares of NewDay Cards Ltd.

|                                | As at<br>31 December<br>2018<br>£m | As at<br>31 December<br>2017<br>£m |
|--------------------------------|------------------------------------|------------------------------------|
| Investment in NewDay Cards Ltd | 72.6                               | 72.6                               |
|                                | <b>72.6</b>                        | <b>72.6</b>                        |

The Directors considered the carrying value of the investment and concluded that no impairment is required.

The principal place of business of NewDay Cards Ltd is in the United Kingdom and its registered office is 7 Handyside Street, London, N1C 4DA.

### 7. Loans and advances to banks

|              | As at<br>31 December<br>2018<br>£m | As at<br>31 December<br>2017<br>£m |
|--------------|------------------------------------|------------------------------------|
| Cash at bank | -                                  | 12.0                               |
|              | -                                  | <b>12.0</b>                        |

Loans and advances to banks are held with large retail UK based banks and no amounts are restricted.

### 8. Other liabilities

|                                     | As at<br>31 December<br>2018<br>£m | As at<br>31 December<br>2017<br>£m |
|-------------------------------------|------------------------------------|------------------------------------|
| Amounts due to other Group entities | -                                  | 12.0                               |
|                                     | -                                  | <b>12.0</b>                        |

Amounts due to other Group entities are all due within one year and were settled in full in 2018.

### 9. Share capital and reserves

|                      | As at<br>31 December<br>2018<br>£m | As at<br>31 December<br>2017<br>£m |
|----------------------|------------------------------------|------------------------------------|
| Share capital        | -                                  | -                                  |
| Capital contribution | 8.9                                | 8.9                                |
|                      | <b>8.9</b>                         | <b>8.9</b>                         |

#### Called up and fully paid share capital

##### Ordinary shares

|  | Issued and fully paid<br>Number of<br>shares | Nominal value £ |
|--|--|-----------------|
| As at 1 January 2017                               | 65,739,119                                   | 65,739,119      |
| Issued during the year                             | 14,776,647                                   | 14,776,647      |
| Capital reduction during the year to December 2017 | (80,514,766)                                 | (80,514,766)    |
| <b>As at 31 December 2017</b>                      | <b>1,000</b>                                 | <b>1,000</b>    |
| <b>As at 31 December 2018</b>                      | <b>1,000</b>                                 | <b>1,000</b>    |

The Company was incorporated on 26 August 2011 with an authorised share capital of one £1 ordinary share. On 2 November 2011 ordinary share capital of 65,739,118 with a nominal value of £1 each was issued at par. On 13 April 2017 the Company made a further issuance of 14,776,647 ordinary shares with a nominal value of £1 each for consideration of £88,771k. The share capital issued on 13 April 2017 was initially acquired by NewDay Group Holdings S.à r.l. and was subsequently sold, on the same day, to NewDay Holdings Ltd. On 4 December 2017 the Company reduced its issued share capital to 1,000 ordinary shares with a nominal value of £1 each. All shares issued are fully paid.

## Notes to the financial statements (continued)

The shares are non-redeemable and hold full rights in respect of voting and entitle the holders to full participation in respect of equity and a share of the equity in the event of winding up of the company. The share capital is wholly owned by NewDay Holdings Ltd.

In accordance with the Companies Act 2006, the Company has no authorised capital other than its issued capital. These shares rank equally in respect of rights attached to voting, dividends and in the event of winding up of the Company.

No dividends were proposed during the year (2017: £13.0m).

The Company's capital is represented by the capital and reserves attributable to equity holders. The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006, with which it complies. The Company manages its capital and reserves to ensure that there is sufficient capital to meet the needs of its operations.

### 10. Controlling party and consolidation

The Company's immediate parent undertaking is NewDay Holdings Ltd, a company registered in England and Wales. The Company's ultimate controlling party up to 26 January 2017 was Invicta Eurocard Services L.P.. On 26 January 2017 NewDay Group (Jersey) Limited acquired 100% of the issued share capital and preferred equity certificates in NewDay Group Holdings S.à r.l. and from this date the Company's ultimate controlling party became Nemean TopCo Limited, a private limited company incorporated in Jersey.

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

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

27 Esplanade  
St Helier  
Jersey  
JE1 1SG

### 11. Related parties

Amounts due to other Group entities  
Income from shares in Group undertakings  
Interest payable to other Group entities

| Year ended<br>31 December<br>2018<br>£m | As at<br>31 December<br>2018<br>£m |
|---|------------------------------------|
| n/a                                     | -                                  |
| -                                       | n/a                                |
| -                                       | n/a                                |

| Year ended<br>31 December<br>2017<br>£m | As at<br>31 December<br>2017<br>£m |
|---|------------------------------------|
| n/a                                     | (12.0)                             |
| 17.8                                    | n/a                                |
| (3.1)                                   | n/a                                |

The Company has no employees and no Directors' remuneration or fees were paid directly by the entity during the year (2017: £nil). Directors' remuneration is borne by NewDay Cards Ltd. Details of Directors' emoluments are provided in the notes of the Group consolidated financial statements.

## Notes to the financial statements (continued)

### 11. Related parties (continued)

On 26 January 2017 a related party loan agreement was repaid via an intercompany loan from NewDay Group (Jersey) Ltd of £3.2m. In September 2017 the Company received from NewDay Cards Ltd, as part settlement of a dividend, a loan receivable with NewDay Group (Jersey) Limited of £4.4m which was used to repay the original loan payable to NewDay Group (Jersey) Limited leaving a net receivable from NewDay Group (Jersey) Limited. This receivable was subsequently transferred to NewDay Holdings Ltd as part settlement of the dividend payable.

On 13 April 2017 the loan notes held with NewDay Group Holdings S.à r.l. were settled in exchange for the issuance of ordinary shares for consideration of £88.7m.

The Company received and paid no dividends during the year (2017: £17.8m received and £13.0m paid).

All related party transactions during the year were made on terms equivalent to those that prevail in arms' length transactions.

### 12. Post balance sheet events

On 22 January 2019 the Company received dividend income from NewDay Cards Ltd of £14.0m. On the same day the directors declared and paid a dividend to its sole shareholder, NewDay Holdings Ltd, for £14.0m.