

Financial Statements

GDFC Assets Limited

Annual Report for the Year Ended 31 December 2020



Registered number: 08272354

GDFC Assets Limited

Company Information

Directors	Jorrit Matthijs Koop (appointed 26 June 2019) Paul Henry Owen McGarrigle (appointed 26 June 2019) Paul Jonathan Noble (appointed 28 January 2020) Julian Stanley Nutley (appointed 1 July 2019)
Registered number	08272354
Registered office	40 Bernard Street London WC1N 1LE
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

GDFC Assets Limited

Contents

	Page
Directors' report	4 -6
Independent auditors' report	7- 10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 28

GDFC Assets Limited

Directors' Report

For the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Throughout the report the term "Allium" and "the Group" refer to the group of companies comprising Allium Lending Group Limited (formerly Hiber Limited and GDFC Group Limited, "Allium Group") and its wholly owned subsidiaries GDFC Assets Limited ("GDFC Assets"), GDFC Services plc ("GDFC Services"), Allium Money Limited (formerly GDFC Finance Limited) and GDFC Holdco Limited ("GDFC Holdco").

The Company provided financing to Green Deal Providers through purchasing the right to receive the payments made under Green Deal Plans and funding for non-Green Deal home improvement ("HIL") loans originated by other companies in the Group. As of the financial year-end 2020, all funded customer loans had been purchased by Tandem Bank Limited as part of the broader business transaction of the Group with Tandem Money Limited ("Tandem" or "the wider Tandem Group"), ("Strategic Transaction"). As a result, the Company's only key activity within the Group is holding the legal title of certain Green Deal loans, purchased from the original Green Deal Provider, as set out in note 16.

Principal activity

For part of 2020, the Company provided financing of consumer loans, both Green Deal Plans and HIL loans. It was responsible for purchasing the economic interest of the loans once they were originated by other entities inside or outside the Group. During 2020, the economic interest of most of the HIL loans originated was sold to Honeycomb Investment Trust PLC or Tandem Bank Limited. Other entities within the Group service these loans are earning a servicing fee. The Company continues to hold the legal title of certain Green Deal loans, purchased from the original Green Deal Provider, as set out in note 16.

Results and dividends

The loss for the year, after taxation, amounted to £4.9m (2019 restated: loss of £2.7m). The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year and at the point of the preparation of the financial statements were:

Jorrit Matthijs Koop (appointed 26 June 2019)
Paul Henry Owen McGarrigle (appointed 26 June 2019)
Paul Jonathan Noble (appointed 28 January 2020)
Julian Stanley Nutley (appointed 1 July 2019)

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force. The Company has also purchased Directors' and Officers' liability insurance in respect of itself and its Directors.

Political contributions

No charitable or political donations were made during the year.

GDFC Assets Limited

Directors' responsibilities statement

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

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.

Future developments

Post the Strategic Transaction, Allium has become part of the wider Tandem group of companies. At the centre of Tandem's strategic activities undertaken in 2020 was the aim to build a sustainable and profitable bank. The Tandem board of directors understands that to build a long-term, sustainable and profitable business Tandem has to consider the needs of a broad range of stakeholders.

The acquisition of Allium and other strategic transactions undertaken by Tandem accelerated the enlarged 'core' asset strategy and is in keeping with Tandem's purpose and supports the journey to profitability in a safe and sustainable manner. To support this strategic shift Tandem no longer originates unsecured personal lending sourced via agreements with third parties. As a result, the Group has a higher quality lending portfolio with reduced complexity in its operating model.

GDFC Assets Limited

Tandem will grow its Balance Sheet via a combination of directly originated assets and those sourced from carefully chosen business partners. In doing so the Tandem board of directors will ensure such growth is complementary to both the strategy and Tandem's purpose.

Post balance sheet events

Post 31 December 2020, no significant event took place on the Allium level, however key events did occur on the wider Tandem Group level, for which the Directors refer to Tandem's financial statements.

Following on from the successful fundraising of £57.9m received from a combination of existing and new shareholders across 2020, the wider Tandem Group received approximately £2.5m in June 2021.

Going concern

Post the Strategic Transaction, the going concern assessment of the Allium entities is strongly dependent on that of the wider Tandem group.

COVID-19 continues to challenge the resilience of organisations across all sectors, thus making going concern assessments more testing and judgemental. Tandem is not isolated from this environment and faces the same issues with implications across future revenue generating activities, credit losses and ability to fundraise, which result in material uncertainty in the group's ability to continue as a going concern. Nevertheless, Tandem has delivered significant progress against its strategy including the successful acquisition and integration of Allium, subsequent purchase of the B&C mortgage portfolio, successful IT re-platforming, growth in 'core' assets and proactive run-off of the Group's 'non-core' unsecured lending portfolios.

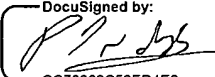
These financial statements have been prepared on a going concern basis. This basis is dependent on:

- Tandem maintaining adequate capital to fund its balance sheet and satisfy the wider group's capital requirements. The Directors acknowledge the assessment of this performed by the directors of Tandem and refer to the latter's financial statements;
- Tandem continuing to support the Company's financial needs; and
- the Company's function within the wider group as described under Principal Activities. The Directors consider that the Company is likely to continue to perform this function over the next 12 months and therefore it remains appropriate to continue preparing its financial statements on a going concern basis.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be considered for appointment in accordance with section 485 of the Companies Act 2006.

The financial statements on pages 11 to 28 were approved by the Board of Directors on 8 July 2021 and signed on its behalf on 13 July 2021.

DocuSigned by:

CC78363C52ED4E9...
Paul Noble
Director

GDFC Assets Limited

Independent auditors' report to the members of GDFC Assets Limited

Report on the audit of the financial statements

Opinion

In our opinion, GDFC Assets Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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, which comprise: the statement of financial position as at 31 December 2020; statement of comprehensive income, the statement of cash flows 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company is loss making and requires further capital injections or support from its ultimate parent company, Tandem Money Limited, within twelve months from the date of signing these financial statements. The company has obtained a letter of support from its ultimate parent company, however the financial statements of Tandem Money Limited includes a material uncertainty relating to going concern because:

- the ultimate parent company may not be able to obtain the required capital injection.

Our evaluation of the directors' assessment of the Tandem Money Limited group's ability to continue to adopt the going concern basis of accounting, and therefore the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained audit evidence over the initial June 2021 capital injection (£2.5m). Management's going concern model included additional substantial capital injections which is planned for later in the year;
- We obtained an understanding of management's going concern assessment and we have evaluated management's methodology used in the model for appropriateness;
- We tested the mathematical accuracy of the model;
- We challenged the appropriateness of management's forecasts by assessing the material assumptions used in management's model;
- We performed a sensitivity analysis on management's model using reasonably plausible down-side alternatives;
- We obtained an understanding of the intentions of the group in relation to the operating activities of the company;

GDFC Assets Limited

- We used our regulatory specialists to assess the assumptions used in management's capital forecast confirming the appropriateness of the assumptions made when determining risk weighted assets and minimum capital requirements; and
- We assessed the disclosures in the Annual Report relating to going concern, including the material uncertainties, to ensure they are in compliance with the requirements of FRS 102.

These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

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 Directors' Report, 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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

GDFC Assets Limited

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 rules of the Financial Conduct Authority ("FCA"), rules of the Prudential Regulatory Authority ("PRA") and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 the potential for management to post fraudulent journal entries. Audit procedures performed by the engagement team included:

- reviewing financial statement disclosures by testing to supporting documentation to assess the compliance with provisions of relevant laws and regulations described as having a direct impact on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- *reading minutes of meetings of those charged with governance and reviewing regulatory correspondences; and*
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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.

GDFC Assets Limited

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink that reads "MikeWall". The signature is written in a cursive, slightly stylized font.

Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 13 July 2021

GDFC Assets Limited**Statement of Comprehensive Income****For the Year Ended 31 December 2020**

		Discontinued operations	Discontinued operations
		2020	2019 Restated
	Note	£	£
Finance income	6	1,493,509	2,483,926
Finance expense	6	(735,551)	(1,328,236)
Fees, commissions and other income	6	142,711	175,243
Gross profit (loss)		900,669	1,330,933
Impairment of intragroup debt		(3,232,888)	-
Movement in allowance for loan impairment		(119,530)	2,617,911
Movement in allowance for receivable impairment	8	-	(1,954,387)
Net interest income after allowance for loan impairment		(2,451,749)	1,994,457
Administrative expenses	7	(2,529,248)	(4,725,431)
Operating loss		(4,980,997)	(2,730,974)
Tax on loss	10	-	-
Total comprehensive loss for the year		(4,980,997)	(2,730,974)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income. Restated figures for 2019 can be found in notes 4, 7, 8, 10, 11, 13, 14 and 17.

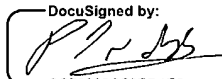
The notes on pages 15 to 28 form part of these financial statements.

GDFC Assets Limited**Statement of Financial Position****As at 31 December 2020**

		2020	2019 Restated	1 January 2019 Restated
	Note	£	£	£
Debtors: amounts falling due after more than one year		-	-	33,608,088
Debtors: amounts falling due within one year	11	-	35,245,511	1,875,352
Cash at bank and in hand	12	2,355,334	767,869	1,686,902
Creditors: amounts falling due within one year	13	(6,514,871)	(36,049,082)	(5,599,759)
Net current liabilities		(4,159,537)	(35,702)	31,570,583
Creditors: amounts falling due after more than one year		-	-	(28,875,311)
Net liabilities		(4,159,537)	(35,702)	2,695,272
Called up share capital	17	2,000,001	2,000,001	2,000,001
Other equity reserves	18	34,271,397	34,271,397	34,271,397
Profit and loss account		(40,430,935)	(36,307,100)	(33,576,126)
Total equity		(4,159,537)	(35,702)	2,695,272

The notes on pages 15 to 28 form part of these financial statements. Restated figures for 2019 can be found in notes 4, 7, 8, 10, 11, 13, 14 and 17.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 July 2021.

DocuSigned by:

 CC78363C52ED4E9...
Paul Noble
 Director

GDFC Assets Limited**Statement of Changes in Equity****For the Year Ended 31 December 2020**

	Called up share capital £	Other Equity Reserves £	Profit & Loss account £	Total equity £
At 1 January 2020	2,000,001	34,271,397	(36,307,100)	(35,702)
Loss for the year	-	-	(4,980,997)	(4,980,997)
Capital contribution	-	-	857,162	857,162
Total comprehensive loss for the year	-	-	(4,123,835)	(4,123,835)
At 31 December 2020	2,000,001	34,271,397	(40,430,935)	(4,159,537)
At 1 January 2019 Restated	2,000,001	34,271,397	(33,576,126)	2,695,272
Loss for the year	-	-	(2,730,974)	(2,730,974)
Total comprehensive loss for the year	-	-	(2,730,974)	(2,730,974)
At 31 December 2019 Restated	2,000,001	34,271,397	(36,307,100)	(35,702)
At 1 January 2019	1	34,271,397	(29,860,117)	4,411,281
Correction of prior year misstatement	2,000,000	-	(3,716,009)	(1,716,009)
At 31 December 2019 Restated	2,000,001	34,271,397	(33,576,126)	2,695,272

The notes on pages 15 to 28 form part of these financial statements.

GDFC Assets Limited

Statement of Cash Flows

For the Year Ended 31 December 2020

	Note	2020 £	2019 Restated £
<u>Cashflows from operating activities</u>			
Profit/(loss) for year		(4,980,997)	(2,730,974)
Adjustments for			
Allowance for loan impairment	11	119,530	(2,617,911)
Allowance for receivable impairment	8	-	1,954,387
Finance income	6	(1,493,509)	(2,483,926)
Finance cost		735,551	1,328,236
Unrealised other operating income (cost)		-	-
(Increase) / decrease in debtors		35,983,144	(623,789)
Increase / (decrease) in creditors		(4,645,706)	5,086,060
Net cashflows from / (used in) operating activities before income tax		25,718,013	(87,917)
Interest received		1,493,509	2,483,926
Interest paid		(735,551)	(1,328,236)
Net cash from operating activities		26,475,971	1,067,773
<u>Cashflows from financing activities</u>			
Proceeds from borrowings		954,519	817,827
Repayment of borrowings		(25,843,025)	(2,804,633)
Net cash used in financing activities		(24,888,506)	(1,986,806)
Net increase (decrease) in cash and cash equivalents		1,587,465	(919,033)
Cash and cash equivalents at the beginning of the year		767,869	1,686,902
Cash and cash equivalents at the end of the year	12	2,355,334	767,869

The notes on pages 15 to 28 form part of these financial statements. Restated figures for 2019 can be found in notes 4, 7, 8, 10, 11, 13, 14 and 17.

GDFC Assets Limited**Notes to the Financial Statements****For the Year Ended 31 December 2020****1. General information**

GDFC Assets Limited (the "Company") (registered number 08272354) is incorporated and domiciled in England and Wales, United Kingdom. The company is a private company limited by shares. The registered office of the Company is 40 Bernard Street, London WC1N 1LE.

For details on the nature of operations, please see the Principal Activities paragraph of the Directors' Report.

The Company has no employees.

2. Significant accounting policies**2.1 A) Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

Accounting policies have been applied consistently, other than where new policies have been adopted.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

B) Going concern

Post the Strategic Transaction, the going concern assessment of the Allium entities is strongly dependent on that of the wider Tandem group.

COVID-19 continues to challenge the resilience of organisations across all sectors, thus making going concern assessments more testing and judgemental. Tandem is not isolated from this environment and faces the same issues with implications across future revenue generating activities, credit losses and ability to fundraise, which result in material uncertainty in the group's ability to continue as a going concern. Nevertheless, Tandem has delivered significant progress against its strategy including the successful acquisition and integration of Allium, subsequent purchase of the B&C mortgage portfolio, successful IT re-platforming, growth in 'core' assets and proactive run-off of the Group's 'non-core' unsecured lending portfolios.

These financial statements have been prepared on a going concern basis. This basis is dependent on:

- Tandem maintaining adequate capital to fund its balance sheet and satisfy the wider group's capital requirements. The Directors acknowledge the assessment of this performed by the directors of Tandem and refer to the latter's financial statements;

GDFC Assets Limited

- Tandem continuing to support the Company's financial needs; and
- the Company's function within the wider group as described under Principal Activities. The Directors consider that the Company is likely to continue to perform this function over the next 12 months and therefore it remains appropriate to continue preparing its financial statements on a going concern basis.

The following principal accounting policies have been applied:

2.2 Consolidated financial statements

As of 31 December 2020, the Company was a wholly owned subsidiary of its ultimate parent, Tandem Money Limited. It is included in the consolidated financial statements of Tandem Money Limited which are publicly available. The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Tandem Money Limited. The address of the parent's registered office is 40 Bernard Street, London WC1N 1LE. These financial statements are the company's separate financial statements.

2.3 Revenue

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

(i) Interest income

Interest income from financial assets classified as loans and advances or deposits is calculated using the effective interest rate.

When the loan is originated with an upfront discount called 'retailer subsidy', which is deducted from the cash amount payable to the retailer, the fee is classified as deferred revenue and amortised using the effective interest rate. The amortisation of such fee is classified as interest income. When the loan to which such retailer subsidy is sold or otherwise removed from the Group's balance sheet without compensation for the deferred revenue, it is removed from the balance sheet.

When the receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimate future cash flow discounted at the original effective interest rate of the instrument and continues to unwind the discount as interest income.

(ii) Fees, commissions and other income

Fees earned for services provided are recognised as revenue over the year that the service is provided.

2.4 Cash and cash equivalents

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

GDFC Assets Limited

2.5 Other Assets

When a loan is originated with a commission fee, which is payable to the retailer and/or broker, the amount of fee is classified as other asset. The asset is amortised using the effective interest rate in line with contractual loan principal repayment, included in commission expenses. When the loan to which such commission fee is sold or otherwise removed from the Group's balance sheet without compensation for the capitalised asset, it is written off, forming part of commission expenses.

2.6 Financial instruments

The entity is applying (a) section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Prior to the Strategic Transaction, loans and advances to customers were assessed collectively to reflect the estimated amount of losses incurred but yet to be individually identified. The methodology used a model which looked at the likelihood of balances moving into arrears status within a defined period, multiplying the probability of default ('PD') by the loss given default ('LGD') and then applying an emergence period.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party

GDFC Assets Limited

who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities – creditors

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial liabilities – Securitisation

During the financial years 2019 and 2020, the Company has received funding from Citi via a Special Purpose Vehicle, Green Finco Limited, (the “SPV”). The SPV was not owned by the Group or otherwise legally controlled by it or by the Group’s directors. However, Management has concluded that the risks and rewards of ownership of the underlying assets owned by the SPV effectively remained with the Company. The sole purpose of the SPV was to provide funding to the Company. Under the financing contract between the Company and the SPV, the Company retained the option to repurchase the SPVs assets at its discretion.

From an accounting perspective the underlying loan portfolio is therefore retained in the books of the Company and the effective loan from Citi (via the SPV) is recognised as being secured on the underlying portfolio of assets while the funding facility with Citi was in place. As of year-end 2020, the facility was fully redeemed.

As part of the operation of the SPV, the funds were swept on a regular basis from the Company to the SPV in order to pay loan amortisation, interest expenses and other expenses, incurred by the SPV from third parties. The Company recognises such expenses incurred by the SPV as its own, and cash amounts swept to the SPV as set out below:

- As third party SPV expenses accrue, the Company recognises the expense (and reduces the SPV debtor balance)
- As SPV funds are used to repay the loan from Citi, the Company reduces the securitised loan balance

GDFC Assets Limited

- As any residual funds are returned, the Company reduces the SPV debtor balance
- Any SPV income (primarily bank interest) is recognised as income of the Company (increasing the debtors' amount until paid over to the Company)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred. Interest expenses include arrangement and other fees relating to the SPV.

2.8 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- i) The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- ii) Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date

2.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Discontinued operations

As part of the Strategic Transaction, the Company sold its outstanding customer loan balances on 21 August 2020 to Tandem Bank Limited. During the year, the loss attributable to the loan portfolios was £4,980,997 (2019 Restated: £2,730,974). The par value of the portfolios at the date of disposal was £34,172,790. On top of this, the sale price included a premium of £857,162. The proceeds were used to

GDFC Assets Limited

pay down the Citi facility of £23,874,480, settling intercompany debt with GDFC Holdco Limited for £10,800,000 and the amount of £355,472 was recognised as receivables from the buyer. Profit and loss related to the sold customer loan balances are disclosed as discontinued operations.

4. Prior year restatement

The comparative 2019 amounts disclosed include an adjustment versus the prior year financial statements as filed, due to recognition of intercompany charges from GDFC Services plc to GDFC Assets Limited for servicing the loans ("Servicing Fee"). This obligation was not recognised in the prior periods and has now been corrected.

This was applied for the year 2020 and retrospectively. The charges include the following amounts:

2020 -	£2,322,619
2019 -	£4,400,883
2018 -	£3,716,009

Other administrative expenses (note 7) and the balances of debtors (note 11) and creditors (note 13) for the preceding years are restated accordingly.

In addition, it was discovered that £2m of shares that had been issued from the Company to GDFC Holdco in May 2018 had been erroneously accounted for as intercompany debtors instead of called up share capital. Balances of creditors (note 13) and called up share capital (note 17) have been restated for the preceding year.

5. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the loan impairment charge and the potential claims in respect of Green Deal Plans generated by Green Deal Providers who are no longer trading, outstanding as of the prior financial year, ending 31 December 2019. For the year ended 31 December 2020 there have been no such judgments and estimates.

6. Interest income and expense**Interest income**

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Interest income on loans	1,479,702	2,473,467
Retailer subsidy income	13,141	2,305
Interest income from bank deposits	666	8,154
	1,493,509	2,483,926

All turnover arose within the United Kingdom.

GDFC Assets Limited**Interest Expense**

	2020	2019
	£	£
Bank Loans	(735,551)	(1,328,236)
	<u>(735,551)</u>	<u>(1,328,236)</u>

Fees, commissions and other income and expenses

	2020	2019
	£	£
Fees and commission income	128,994	175,243
Other Income	<u>13,717</u>	<u>-</u>
	142,711	175,243

7. Other administrative expenses

An analysis of other administrative expenses by type is as follows:

	2020	2019 Restated
	£	£
Legal fees payable	21,859	(33,210)
Commission Fees	(164,859)	(164,014)
Servicing Fee	(2,322,619)	(4,400,883)
Other administrative income & expenses	<u>(63,629)</u>	<u>(127,324)</u>
	(2,529,248)	(4,725,431)

8. Movements in allowances of loans and receivables

	2020	2019 Restated
	£	£
Movements in allowance for loan impairment	(119,530)	2,617,911
Movements in allowance for receivable impairment	<u>-</u>	<u>(1,954,387)</u>
	(119,530)	663,524

9. Auditors' remuneration

The audit fee for the Company of £47,625 (2019: £28,930) was borne by Tandem Money Limited.

10. Tax on loss

Management consider it prudent not to recognise a tax asset on the tax losses generated until such time as the group is generating profits. At the financial year ended 31 December 2020, total cumulative losses are £40,430,935.

GDFC Assets Limited

	2020	2019 Restated
	£	£
Reconciliation of tax charge		
Loss before tax	(4,980,997)	(2,730,974)
Standard rate of tax in the UK	19.00%	19.00%
Loss before tax multiplied by standard rate of tax in UK	(946,389)	(518,885)
Effects of:		
- Decision not to recognise a tax asset	946,389	518,885
Tax on loss - Total	-	-

11. Debtors

	2020	2019 Restated
	£	£
<u>Due within one year</u>		
Loans to customers	-	29,817,355
Other assets	-	5,428,156
Amounts owed by group undertakings	-	-
	-	35,245,511

For the figures at the financial years ended 31 December 2019 and 2020, all debtors are classified as due within one year due to the business combination with Tandem as described in the Directors' Report and related transactions.

Other assets at year-end 2019 are largely comprised of a recovery asset against an estimated impairment of loans based on management assessment (see note 5).

Providers are required to post collateral, above a certain level of Green Deal Plan sales, in support of the potential obligation to repurchase mis-sold Green Deal Plans. The amount of collateral account is classified as other assets due within one year and comprised nil as at 31 December 2020 (as at 31 December 2019: £126,009).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The full outstanding balance as of 31 December 2020 of £3,232,888 in receivables from GDFC Holdco Limited was impaired, as management does not deem this amount to be recoverable.

Loans to customers comprise:

	2020	2019
	£	£
Loans to customers	-	35,269,485
Allowance for impairment	-	(5,452,130)
	-	29,817,355

GDFC Assets Limited

As of year-end 2020, all loans to customers had been sold to Tandem Bank Limited in light of the Strategic Transaction (see note 3). All allowances for impairment relating to these loans were either sold to Tandem Bank Limited subsequently or reversed by the company post sale. On behalf of Tandem Bank Limited, the Group assesses the allowance for impairment of loans to customers on a collective basis. As of year-end 2019, the impairment methodology was revised to better reflect the nature of Green Deal loans, which led to a significant reversal of the impairment.

A reconciliation of the allowance for impairment of loans to customers is as follows:

	2020	2019
	£	£
At 1 January	5,452,130	8,070,041
Charge / (credit)	119,530	(2,617,911)
Sale of impairment to Tandem Bank Limited	(5,571,660)	-
At 31 December	-	5,452,130

12. Cash at bank and in hand

	2020	2019
	£	£
Cash at bank and in hand	2,355,334	767,869

13. Creditors: amounts falling due within one year

	2020	2019 Restated
	£	£
Bank loans and overdrafts	-	24,888,505
Trade creditors	-	230,990
Amounts owed to group undertakings	6,514,871	10,920,753
Other creditors	-	8,834
	6,514,871	36,049,082

Please refer to note 4 for further detail on the restatement of the 2019 creditor balances.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Loans

	2020	2019 restated
	£	£
Amounts falling due within one year		
Bank loans and overdrafts	-	24,888,505
Intercompany loans	-	7,567,112
	-	32,455,617

GDFC Assets Limited

For the figures at the financial year ended 31 December 2019, all creditors and loans were classified as due within one year due to the business combination with Tandem described in the Directors' Report and related transactions.

During 2018, the Group entered into a £50m securitisation facility with Citibank. In addition, GDFC Holdco Limited entered into a £10m secured junior funding agreement with Honeycomb Investment Trust PLC. The amount drawn down under this latter funding agreement was on-lent to GDFC Assets and is represented above in amounts owed to group undertakings at the financial year ended 31 December 2019.

As noted in the securitisation policy, for the securitisation facility with Citi a "bank loan" loan liability was recognised as of year-end 2019, secured on the underlying customer loans. The total value of customer loans being used for security on the bank loan referred to above at year-end 2019 was £32,954,357.

As of the financial year-end 2020, all creditor and loan balances had been repaid as part of the Strategic Transaction (see note 3). Tandem Bank Limited purchased all such balances from the Company. The company in turn redeemed the outstanding balance of the facility outstanding with Citi and the Group redeemed the outstanding balances of the facilities outstanding with Honeycomb Investment Trust PLC.

15. Financial instruments

	2020	2019 Restated
	£	£
Financial assets that are debt instruments measured at amortised cost	-	35,245,511
Financial liabilities measured at amortised cost	(6,514,871)	(36,049,082)

Financial assets measured at amortised cost comprise loan receivables, other debtors and amount owed by group undertaking (see note 11).

Financial liabilities measured at amortised cost comprise trade creditors, amount owed to group undertaking, other creditors, amounts owed to Honeycomb Investment Trust PLC, via GDFC Holdco Limited, and debentures (see note 13).

16. Financial risk management

Due to the impact of the Strategic Transaction, the principal risks and uncertainties set out below mainly pertain to the financial year 2019 and 2020 before the Strategic Transaction. During that period, these were discussed and evaluated by the management on a regular basis.

Credit Risk

As of year-end 2019 and the period before completion of the Strategic Transaction in 2020, the Group's primary financial asset was the receivable related to the repayment of principal and payments of interest arising under both Green Deal Plans and HIL loans. Allium was at risk to the extent that billpayers and borrowers respectively default on their obligations to make these payments. This risk was mitigated for new HIL loans through the underwriting of the borrower taking out a new loan. For existing Green Deal Plan holders, the Green Deal payment obligation ranks equally with the obligation to pay the associated electricity bill, and any shortfall in payments is pro-rated between the Green Deal Plan obligation and the

GDFC Assets Limited

amount owed for the supply of electricity. Existing HIL borrowers set up their repayments through regular direct debit repayments at origination.

As of year-end 2020, Allium was no longer subject to direct credit risk related to customers.

Credit quality per class of financial assets

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
	£	£	£	£
31-Dec-20				
Loans to customers	-	-	-	-
Other assets	-	-	-	-
	-	-	-	-
31-Dec-19				
Loans to customers	22,904,061	7,789,774	4,575,650	35,269,485
Other assets	10,669,407	-	-	10,669,407
	33,573,468	7,789,774	4,575,650	45,938,892

Past due loans to customers include those that are only past due by a few days. An analysis of past due loans, by age, is provided below. The majority of the past due loans are not considered to be impaired. Please refer to note 14 for further details.

Aging analysis of past due but not impaired loans

	Less than 29 days	30 to 59 days	60 to 89 days	Total
	£	£	£	£
31-Dec-20				
Loans to customers	-	-	-	-
Total	-	-	-	-
31-Dec-19				
Loans to customers	4,711,814	1,933,185	1,144,775	7,789,774
Total	4,711,814	1,933,185	1,144,775	7,789,774

Impairment assessment

The main considerations for the loan impairment assessment included whether any payments of principal or interest were overdue by more than 90 days or there are any known difficulties in the collection of cash flows from the energy suppliers. The Company addressed impairment assessment on collective basis. During 2019, a significant number of loans were classified as more than 90 days overdue.

GDFC Assets Limited

Collectively assessed allowances

All loans to customers were assessed on a collective basis as they were not individually significant. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The collective assessment took account of impairment that was likely to be present in the portfolio even though there was not yet objective evidence of the impairment in an individual assessment. Impairment losses were estimated by taking into consideration the following information: historical losses on the portfolio, principal, fees and interest to be collected, the appropriate delay between the time a loss is likely to have been occurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired.

Conduct & Operational Risk

For both Green Deal loans and HIL loans outstanding as of the financial year ended 2019 and the period before completion of the Strategic Transaction in 2020, operational risk arose primarily from the process of originating loans through intermediaries at the point of sale. Such risks included product failure, mis-selling and poor installation. Under consumer credit legislation, liabilities arising from such risks attach to both the installer and lender jointly, and in the case of Green Deal loans, the Group may have been at risk of a loan being cancelled or reduced through the imposition of sanctions under the Green Deal Framework. These risks were mitigated by all intermediaries being subject to underwriting by the Group to verify financial standing, experience in installation of approved measures and satisfactory experience of selling consumer loan products at point of sale. Intermediaries are required to have appropriate broking or lending approvals from the Financial Conduct Authority and, in the case of Green Deal Providers and Installers, authorisation by the Department for Business, Energy, and Industrial Strategy through the agency of the Green Deal Oversight and Registration Body. Throughout the relationship with Allium, intermediaries have regular contact with relationship managers. The Group's compliance team also advises and visits larger intermediaries to conduct compliance audits.

In addition, the Company has the right to require a Green Deal Provider to re-purchase Green Deal Plans that are subsequently found to have breached the eligibility criteria for loan purchase by Allium. However, there remains a risk to the Group where the GDP ceases to trade prior to such breach being identified. Where appropriate, the Company and its related entities within the Group are still involved in assessing and administering claims concerning historic matters relating to the origination of certain loan agreements and account of any remediation required has been taken in the calculation of the Group's loan impairment provision.

Specific operational risks arose under Green Deal Plans where energy suppliers remit payment under the plan to the Company from borrowers. The Group was at risk of delays occurring at the energy suppliers in collecting Green Deal Plan receivables and passing these to the Company within contractual timescales.

Liquidity Risk

Liquidity risk arose until the Strategic Transaction because the Group funded its loan agreements with customers through third party funding facilities. Increases to the funding costs of such facilities would have negatively impacted the profitability of the business. Limited availability of such facilities would have restricted the ability of the Group to grow and trade.

The Group's funders charged interest on the facilities at a variable interest rate. The loans to the consumers are at a fixed rate. Risk arose from the mismatch of fixed interest income and variable interest costs.

GDFC Assets Limited**Market Risk**

The Group has not been subject to substantial market risk either during the financial year 2020 or in earlier years.

17. Called up share capital

	2020 £	2019 Restated £
Shares classified as equity		
Allotted, called up and fully paid		
2,000,001 Ordinary shares of £1	2,000,001	2,000,001

Please refer to note 4 for further detail on the restatement of the 2019 called up share capital.

18. Other equity reserves

Other reserves are comprised of capital contributions resulting from the completion of a CVA completed by the Group in 2017.

The Green Deal loan portfolio was sold to Tandem Money Limited with a premium to par value of £857,162, which is presented as Capital Contribution in Retained Earnings.

19. Related party transactions

The directors' emoluments have been borne by GDFC Services Plc.

Related party transactions include transactions with Honeycomb Investment Trust PLC as disclosed in note 14. As of 31 December 2020, there was an amount receivable from Honeycomb Investment Trust PLC of nil.

The Company has taken advantage of the exemption in FRS 102 'The Reporting Standard applicable in the UK and Ireland' Section 33 and has not disclosed transactions with wholly owned group undertakings.

20. Controlling parties

The immediate parent is GDFC Holdco Limited and as of 31 December 2020 the ultimate parent undertaking was Tandem Money Limited. The smallest and largest group to consolidate these financial statements was Tandem Money Limited. Copies of Tandem Money Limited consolidated financial statements are publicly available and can be obtained from the registered address of Tandem Money Limited at 40 Bernard Street, WC1N 1LE.

Prior to the Strategic Transaction, the ultimate controlling parties were a consortium of private investors made up of a consortium of private investors made up of Honeycomb Investment Trust PLC (Company number 09899024), Adam Knight and Aurium GD LLP (Company number OC413991). After the Strategic Transaction, a majority shareholding in the Group was acquired by PSC Plane (Guernsey) LP.

GDFC Assets Limited

21. Subsequent events

Post 31 December 2020, no significant event took place on the Allium level, however key events did occur on the wider Tandem Group level, for which the Directors refer to Tandem's financial statements.

Following on from the successful fundraising of £57.9m received from a combination of existing and new shareholders across 2020, the wider Tandem Group received approximately £2.5m in June 2021.