

George Banco.Com Limited
Annual report and financial statements
for the year ended 31 December 2019

Registered Number 08804623



Contents

Page No.

1	Strategic report
2	Directors' report
4	Statement of directors' responsibilities
5	Independent auditors report
7	Statement of comprehensive income
8	Statement of financial position
9	Statement of changes in equity
10	Statement of cash flows
11	Notes to the financial statements
20	Corporate contacts & advisers

Strategic report

Principal activities and business review

During 2018, George Banco.com Limited (the “Company”) underwent a reorganisation whereby the lending book and net assets of the Company were transferred to the Guarantor Lending Division (GLD) of Everyday Lending Limited (which shares the same ultimate parent company, Non-Standard Finance plc). As part of this business transfer, the beneficial interest of the Company’s loans and advances to customers’ existing as at the date of transfer together with the net assets were passed to Everyday Lending Limited. The Company also granted the right to underwrite future loans under the George Banco brand to Everyday Lending Limited. Subsequent to the reorganisation, George Banco.com Limited ceased in the provision of guarantor loans, however the Company continues to hold the legal title to the bank account in its name on behalf of Everyday Lending Limited. The details of the group reorganisation are explained in more detail in Note 1.2.

The Company does not have any other trade.

The Statement of comprehensive income for the year is set out on page 7.

Future developments

As a result of the business transfer to Everyday Lending Limited, the principal activity of the Company (being the provision of guarantor loans), is now being carried out by Everyday Lending Limited. The Company will continue to hold the legal title to the bank account in its name on behalf of Everyday Lending Limited.

By order of the Board



M Burgess
Director

Date 22nd December 2020

Directors' report

The directors submit their annual report and the audited financial statements for the year ended 31 December 2019.

Results for the year

As the company was dormant during 2019, net profit after tax for the year was £nil (2018: profit of £3m). The directors have not recommended a dividend during the year (2018: £nil).

Matters covered in the Strategic report

The Company has chosen to set out the following information within the Strategic report; principal activities and business review, and future developments.

Directors

The following directors served throughout the year, except where noted below:

M Howells	Executive Director (Resigned 1 October 2019)
M Cresswell-Turner	Executive Director (Resigned 21 October 2019)
S White	Executive Director (Resigned 31 October 2020)
P Reynolds	Non-Executive Director
N Teunon	Non-Executive Director (Resigned 30 April 2020)
P Gill	Non-Executive Director (Appointed 23 January 2019)
J Gillespie	Non-Executive Director (Appointed 17 December 2019)
J de Blocq van Kuffeler	Non-Executive Director (Appointed 19 May 2020)
M Burgess	Director (Appointed 11 November 2020)
R Webb	Director (Appointed 11 November 2020)

N Teunon, J Gillespie and J de Blocq van Kuffeler are also directors of the ultimate parent company, Non-Standard Finance plc. The Company directors were entitled to participate in the Everyday Loans Limited Long-Term Incentive Plan ('LTIP'), details of which are provided in the financial statements of Everyday Loans Limited. A copy the financial statements for Everyday Loans Limited can be obtained from Secure Trust House, Boston Drive, Bourne End, Buckinghamshire, SL8 5YS

Directors' interests

No director had a beneficial interest in shares of the Company during the financial year and up to the date of signing of this report (2018: nil). All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report. Details of Director's remuneration can be found in Note 8.

Political donations

No political donations were made by the Company during the year (2018: £nil).

Going concern

During 2018 the Company underwent a reorganisation whereby the lending book and net assets of the Company were transferred to Everyday Lending Limited (which shares the same ultimate parent company, Non-Standard Finance plc), after which the principal business activity ceased. The directors have therefore prepared the accounts on a basis other than that of a going concern. No material adjustment arose as a result of ceasing to apply the going concern basis of preparation.

Disclosure of Information to Auditor

Each director in office at the date of this directors' report confirms that, so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware and each director has 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 auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' report

Reappointment of Auditor

Deloitte LLP is the Company's auditor and has indicated its willingness to continue in office. A resolution to reappoint it as auditor will be proposed at the next Board meeting.

By order of the Board



M Burgess
Director

Date 22nd December 2020

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

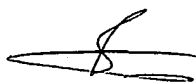
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings as a whole, together with a description of the principal risks and uncertainties that they face.



M Burgess

Director

Date 22nd December 2020

Independent auditor's report

to the members of George Banco.Com Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of George Banco.Com Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its results for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related Notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1.4 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

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

Independent auditor's report

to the members of George Banco.Com Limited

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept
- 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 respect of these matters.

Use of our report

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



Simon Stephens - FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 22nd December 2020

Statement of comprehensive income

		Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
	Note		
Interest, fees and similar income	3	-	13,681
Interest expense and similar charges		-	(3,581)
Gross profit		-	10,100
Impairment losses on loans and advances		-	(2,529)
Other operating income		-	229
Operating expenses	7	-	(4,195)
Operating Income		-	3,605
Profit before income tax		-	3,605
Income tax expense	9	-	(588)
Profit for the year		-	3,017
Profit attributable to:			
Equity holders of the Company		-	3,017
Total comprehensive income attributable to:			
Equity holders of the Company		-	3,017

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

The Company's results above are from discontinued operations. Please refer Note 1.2 for more details.

The notes on pages 11 to 19 are an integral part of these financial statements

Statement of financial position

		At 31 December 2019 £000	At 31 December 2018 £000
	Note		
ASSETS			
Current assets			
Other assets	10	1,609	1,609
Total assets		1,609	1,609
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	11	-	-
Retained earnings		1,609	1,609
Total equity		1,609	1,609
Total equity and liabilities		1,609	1,609

The financial statements on pages 7 to 19 were approved by the Board of Directors on 22nd December 2020 and were signed on its behalf by:



Jono Gillespie
Director
 Company number: 08804623

Statement of financial position

The notes on pages 11 to 19 are an integral part of these financial statements

	Share capital £000	Retained Earnings Premium £000	Total £000
Balance at 1 January 2018	-	(1,953)	(1,953)
Total comprehensive income for the year			
Profit for the year ended 31 December 2018	-	3,017	3,017
Total comprehensive income for the year	-	3,017	3,017
IFRS 9 transition impact	-	545	545
Balance at 31 December 2018	-	1,609	1,609
Balance as at 1 January 2019 and at 31 December 2019	-	1,609	1,609

The notes on pages 11 to 19 are an integral part of these financial statements

Statement of cash flows

		Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
	Note		
Cash flows from operating activities			
Profit for the year		-	3,017
Adjustments for:			
Income tax expense	10	-	588
Cash flows from operating profits before changes in working capital		-	3,605
Changes in operating assets and liabilities:			
Net increase in loans and advances to customers		-	(11,145)
Net increase in other liabilities		-	3,041
Net used in operating activities		-	(4,499)
Cash flows from financing activities			
Repayment of intercompany liability – NSF Finco Limited	1.2	-	(3,978)
Net cash used in financing activities		-	(3,978)
Net decrease in cash and cash equivalents		-	(521)
Cash and cash equivalents at 1 January		-	521
Cash and cash equivalents at 31 December		-	-

The notes on pages 11 to 19 are an integral part of these financial statements

Notes to the financial statements

1 Principal accounting policies

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

1.1 Reporting entity

The Company, George Banco.Com Limited, is a private company limited by shares that is registered in England and Wales, with company registration number 08804623. The registered address of the Company is Epsom Court, 1st Floor, Epsom Road, White Horse Business Park, Trowbridge, BA14 0XF. During 2018, the business and assets of the Company were transferred to the Guarantor Lending Division (GLD) of Everyday Lending Limited (which shares the same ultimate parent company, Non-Standard Finance plc). As a result of the business transfer, the principal activity of the Company (being the provision of guarantor loans) ceased and is now being carried out by Everyday Lending Limited. The Company will continue to hold the legal title to the bank account in its name on behalf of Everyday Lending Limited.

1.2 Basis of presentation

The Company's financial statements are separate financial statements and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, with IFRIC Interpretations and with the Companies Act 2006. They have been prepared under the historical cost convention.

In 2018 the Company transitioned from preparing the financial statements under FRS 102 to IFRS. This transition did not materially impact the statement of comprehensive income, statement of financial position, statement of changes in equity or statement of cash flows in the first year of adoption.

Group reorganisation:

During 2018, the Company underwent an internal group reorganisation whereby the business activities and net assets were transferred to Everyday Lending Limited. As part of this business transfer, the current and future business activities, as well as net assets of the Company were transferred to Everyday Lending Limited at book value in exchange of intercompany receivable of £1.6 million. Following the transfer of the Company's business activities, the principal business activity ceased and discontinued its operations but continues to hold the legal title to the bank account in its name on behalf of Everyday Lending Limited. Accordingly, the profits generated from provision of underwriting guarantor loans during 2018 were classified as discontinued operations.

The table below provides summary of assets and liabilities transferred as part of group reorganisation:

Description	Amount (£'000)
Cash at bank	719
Loans and advances to customers	46,511
Amounts due to related parties	(3,813)
Deferred tax	383
Other liabilities	(11)
Intercompany liability – NSF Finco Limited	(42,162)
Net assets transferred	1,609

1.3 Adoption of new and revised IFRS standards

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material. Management will continue to assess the impact of new and amended Standards and Interpretations on an ongoing basis.

1.4 Going concern assessment

During 2018 the Company underwent a reorganisation whereby the lending book and net assets of the Company were transferred

Notes to the financial statements

to Everyday Lending Limited (which shares the same ultimate parent company, Non-Standard Finance plc), after which the Company discontinued operations. The directors have therefore prepared the accounts on a basis other than that of a going concern. No material adjustment arose as a result of ceasing to apply the going concern basis of preparation.

1.5 Interest, fees and similar income

Interest income represents interest receivable on loans to customers. Interest income is recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest (EIR) method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Fees and commissions which are not considered integral to the effective interest rate are generally recognised on a cash basis. These consist principally of arrears fees. Under IFRS 9, the effective interest rate is applied to the gross carrying amount of non-credit impaired customer receivables (i.e. at the amortised cost of the receivables before adjusting for any expected credit losses (ECL)). For credit-impaired loans and advances to customers (those in stage 3), the interest income is calculated by applying the EIR to the amortised cost of the receivable (i.e. the gross carrying amount less the allowance for expected credit losses). For detail of interest income for the twelve months ended 31 December 2019 under IFRS 9, see Note 3

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.6 Interest expense and similar charges

Interest expense comprises bank interest payable on loans used to finance loan and advances.

1.7 Other operating income

Other operating income relates to amounts received as a result of debt sales made during the year. The income is recognised when earned.

1.8 Income taxation

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

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

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

1.9 Financial assets

Financial assets are measured on initial recognition at fair value. Under IFRS 9, the classification and subsequent measurement of financial assets is principally determined by the entity's business model and their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' ('SPPI')).

The standard sets out three types of business model:

- **Hold to collect:** the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are accounted for at amortised cost.

Notes to the financial statements

- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change. These assets are accounted for at fair value through other comprehensive income (FVOCI).
- Hold to sell: the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation. These assets are held at fair value through profit or loss (FVTPL). An entity may also designate assets at FVTPL upon initial recognition where it reduces an accounting mismatch. An entity may elect to measure certain holdings of equity instruments at FVOCI, which would otherwise have been measured at FVTPL.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes considering all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets and how these are managed. The Company continually monitors whether the business model for which financial assets are held is appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

The Company has assessed its business models in order to determine the appropriate IFRS 9 classification for its financial assets. As part of this assessment, the Company has recognised that it has no intentions of selling the assets which it originates. The financial assets are held to collect contractual cash flows with the performance of the asset is assessed by reference to various factors such as collections performance and expected losses. In order to be accounted for at amortised cost, it is also necessary for individual instruments to have contractual cash flows that are SPPI. As the Company's financial assets meet both the hold to collect and SPPI criteria they are held and subsequently measured at amortised cost.

Financial assets and liabilities measured at amortised cost are accounted for under the EIR method. This method of calculating the amortised cost of a financial asset or liability involves allocating interest income or expense over the relevant period. The EIR rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

While cash and cash equivalents and intercompany loans are also subject to the impairment requirements of IFRS 9, the Company has concluded that the expected credit loss on these items is nil and therefore no impairment loss adjustment is required.

The Company does not use hedge accounting.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

1.11 Dividends paid

Dividend distributions are recognised in the financial statements when the shareholders' right to receive payment is established. Final dividend distributions are recognised in the year in which they are approved by the shareholders, whilst interim dividend distributions are recognised in the year in which they are declared and paid. These accounts demonstrate sufficient distributable reserves to support the payment of a dividend.

1.12 Equity

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

2. Changes in accounting policies

For accounting policies applied from 1 January 2019 in relation to revenue recognition and loans and advances to customers, refer to Note 1.

2.1 Impact on the financial statements

Implementation of IFRS 9 in 2018 resulted in a £0.55 million reduction in the Company's opening equity at 1 January 2018 net of £0.04 million related to associated deferred tax impacts. There was no change in the carrying amount of financial instruments on the basis of their measurement categories. All adjustments arose solely from the replacement of the FRS 102 incurred loss impairment approach with an expected credit loss approach under IFRS 9.

Notes to the financial statements

The following table shows the adjustments recognised for each individual line item affected by the application of IFRS 9 at 1 January 2018. The application of IFRS 9 had no impact on the cash flows of the Company.

Statement of financial position

	31 December 2017 As originally presented £000	IFRS 9 adjustment – Classification and measurement £000	IFRS 9 adjustment – Expected credit losses £000	1 January 2018 Restated £000
Current assets				
Loans and advances to customers	35,366	-	589	35,955
Non-current liabilities				
Deferred tax asset	(383)	-	(44)	(339)
Equity				
Retained loss	(1,953)	-	545	(1,408)

2.2 IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of FRS 102 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 1. In accordance with the transitional provisions in IFRS 9 (7.2.15), comparative figures have not been restated.

The Company does not use hedge accounting.

The total impact on the Company's retained loss as at 1 January 2019 and 1 January 2018 is as follows:

	1 January 2019 £000	1 January 2018 £000
Closing retained loss 31 December – IAS 39	(1,408)	(1,953)
Increase in provision for loans and advances to customers (3.2.1), (3.2.2)	-	244
Change in modification criteria (3.2.1) (3.2.2)	-	345
Increase in deferred tax assets relating to impairment provisions (3.2.1), (3.2.2)	-	(44)
Total adjustment to retained loss from adoption of IFRS 9 on 1 January 2018	-	545
Opening retained loss 1 January - IFRS 9	(1,408)	(1,408)

2.2.1 Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed the financial instruments held by the Company and determined whether reclassification was needed under IFRS 9. Financial assets and financial liabilities of the Company comprise cash, loans and advances to customers, and intercompany borrowings. These are measured at amortised cost and there is no change in classification from FRS 102 under IFRS 9. Refer to Note 1 for further detail.

2.2.2 Impairment of financial assets

The Company's loans and advances to customers was subject to IFRS 9's new expected credit loss model.

The Company was required to revise its impairment methodology under IFRS 9 for this asset, refer to Note 1 for more detail.

The impact of the change in impairment methodology on the Company's retained earnings and equity is disclosed in the table in Note 3.2 above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the Company has concluded that the expected credit loss on these items is nil and therefore no impairment loss adjustment is required.

2.2.3 Loans and advances to customers

Following the adoption of IFRS 9 the loans and advances to customers as at 31 December 2017 reconcile to the opening receivables balance on 1 January 2018 as follows:

Notes to the financial statements

Loans and advances to customers	£000
At 31 December 2017 - calculated under FRS 102	35,366
Amounts restated through opening retained earnings	589
Opening net receivables at 1 January 2018 - calculated under IFRS 9	35,955

The additional loss allowance recognised upon the initial application of IFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to loans and advances to customers.

To measure the expected credit losses, loans and advances to customers have been grouped based on stages 1, 2 and 3. A summary by stage as at 1 January 2018 was determined as follows:

1 January 2018	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Gross carrying amount	31,952	4,495	589	37,036
Impairment provision	(346)	(620)	(115)	(1,081)
Net loans and advances to customers	31,606	3,875	474	35,955

3. Interest income under IFRS 9

Revenue is recognised by applying the effective interest rate ('EIR') to the carrying value of a loan. The EIR is calculated at inception and represents the rate which exactly discounts the future contractual cash receipts from a loan to the amount of cash advanced under the loan, plus directly attributable issue costs. In addition, the EIR takes account of customers repaying early.

	2019 £000	2018 £000
Stage 1	-	11,514
Stage 2	-	1,819
Stage 3	-	348
Total interest income under IFRS 9	-	13,681

4. Maturity analysis of assets and liabilities

The table below shows the contractual maturity analysis of the Company's financial assets and liabilities as at 31 December 2018 and 31 December 2019:

	Due within one year £000	Due after more than one year £000	Total £000
At 31 December 2018 and at 31 December 2019			
ASSETS			
Other assets	1,609	-	1,609
Total assets	1,609	-	1,609
LIABILITIES			
Total liabilities	-	-	-

5. Financial risk management

Strategy

Key risks identified by the directors are formally reviewed and assessed at least once a year by the Board, in addition to which key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures such as physical controls, credit and other authorisation limits and segregation of duties. The Board and the executive committee also receive regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board.

Notes to the financial statements

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

(a) Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Significant changes in the economy could result in losses that are different from those provided for at the statement of financial position date.

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

Exposure to credit risk is minimised by the use of credit scoring techniques which are designed to ensure the Company lends only to those customers who we believe can afford the repayments. It should be noted that the credit risk at the individual customer level is managed by strict adherence to credit control rules which are regularly reviewed.

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

	2019 £000	2018 £000
Other assets	1,609	1,609
At 31 December	1,609	1,609

The above table represents the maximum credit risk exposure (net of impairment) to the Company at 31 December 2019 and 2018, without taking into account any collateral held or other credit enhancements attached. The exposures are based on the net carrying amounts as reported in the statement of financial position.

(b) Market risk

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

(b)(i) Currency risk

The Company has no exposures in foreign currencies.

(b)(ii) Interest rate risk

Interest rate risk is the potential adverse impact on the Company's future cash flows from changes in interest rates. It arises from the differing interest rate risk characteristics of the Company's assets and liabilities. In particular, fixed rate products expose the Company to the risk that a change in interest rates could cause either a reduction in interest income or an increase in interest expense relative to variable rate interest flows.

At the reporting date, the Company has no interest rate exposure on outstanding financial assets and liabilities.

(c) Liquidity risk

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

6. Financial instruments

During 2018, the Company underwent an internal group reorganisation whereby the business activities and net assets were transferred to Everyday Lending Limited. As part of this business transfer, the current and future business activities, as well as net assets of the Company were transferred to Everyday Lending Limited at book value in exchange of intercompany receivable of £1.6 million.

The table below sets out the carrying value of the Company's financial assets and liabilities in accordance with the categories of financial instruments set out in IFRS 9 as at 31 December 2018 and at 31 December 2019.

Notes to the financial statements

Assets and liabilities outside the scope of IFRS 9 are shown within non-financial assets / liabilities:

	Fair value through profit and loss account	Fair value through other comprehensive income	Amortised cost	Non-financial assets/ liabilities	Total
At 31 December 2018 and at 31 December 2019			£000	£000	£000
Assets					
Other assets	-	-	1,609	-	1,609
Total assets	-	-	1,609	-	1,609
Liabilities					
Total liabilities	-	-	-	-	-

7. Operating expenses

The Company had £nil operating expenses in 2019 (2018: £4,195,140, of which £4,150,000 related to management charges from the immediate parent company, George Banco Limited).

The remuneration of the auditors in relation to the audit of these financial statements was £60,000 (2018: £60,000) and was borne by the Company's immediate parent George Banco Limited and has been included within the management charge it levies on the Company.

8. Employee information

The Company had no employees during 2019 (2018: none). Following the asset transfer in 2018 from George Banco Limited to Everyday Loans Limited, human resource services are provided by Everyday Loans Limited to Everyday Lending Limited which carries out the business activities formerly provided by the Company. The directors' emoluments are provided by Everyday Loans Limited.

9. Income tax expense

	2019 £000	2018 £000
Current taxation		
Corporation tax charge - current year	-	206
Adjustments in respect of prior periods	-	-
	-	206
Deferred taxation		
Deferred tax charge - current year	-	481
Effects of changes in corporation tax rates	-	(51)
Adjustments in respect of prior periods	-	(48)
Total deferred tax	-	382
Income tax expense	-	588
Tax reconciliation:		
Profit before tax	-	3,605
Tax at 19% (2018: 19%)	-	687
Prior period adjustments and rate changes	-	(99)
Income tax expense for the year	-	588

Notes to the financial statements

Reductions in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2019 has been calculated based on the rate of 19% substantively enacted at the balance sheet date.

10. Other assets

	2019 £000	2018 £000
Prepayments and accrued income	1	1
Intercompany debtor	1,608	1,608
	1,609	1,609

During 2018, the Company transferred its business which comprised its activities and net assets to Everyday Lending Limited at book value.

11. Share capital and share premium

	2019 £	2018 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	1	1

Share movements

	Number of shares	Share capital £
At 1 January 2018 and 31 December 2018	1	1
At 31 December 2019	1	1

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

12. Contingent liabilities and commitments

At 31 December 2019, the Company had no contingent liabilities, no capital commitments or other commitments to extend credit to customers (2018: nil).

13. Related-party transactions

Summary of transactions with other related parties

During 2019 the Company paid a service charge of £nil (2018: £4,150,000) to its immediate parent company George Banco Limited. At the end of the year the balance owed to George Banco Limited was £nil (2018: £nil)

During 2018, the Company underwent a reorganisation whereby the lending book and net assets of the Company were transferred to Everyday Lending Limited (which shares the same ultimate parent company, Non-Standard Finance plc). As a result, an intercompany receivable of £1,608,413 has been recognised in George Banco.com Limited books.

At the year end the balance owed to NSF Finco Limited was £nil (2018: £nil) including £nil (2018: £nil) of accrued interest.

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

14. Immediate and ultimate parent company

The immediate parent company is George Banco Limited, a private company limited by shares and registered in England and Wales. The ultimate parent company of the Company is Non-Standard Finance plc, a company registered in England and Wales. Non-Standard Finance plc heads the largest and smallest group in which the Company is consolidated. A copy of the consolidated financial statements of Non-Standard Finance plc may be obtained from 7 Turnberry Park Road, Gildersome, Morley, Leeds, LS27 7LE.

Notes to the financial statements

The immediate parent company George Banco Limited is a company incorporated in Great Britain and registered in England and Wales. The accounts of George Banco Limited can be obtained from Epsom Court 1st Floor, Epsom Road, White Horse Business Park, Trowbridge, BA14 0XF.

15. Events after the balance sheet date

Since 31 December 2019, there has been a global outbreak of COVID-19 which continues to have a significant impact on businesses across the world. Each of the Group's three brands is continuing to trade in an unprecedented business environment. It is expected that as a result of the pandemic, the Group will experience a reduction in income from lending activities, together with increased expected credit losses (ECL). Whilst the overall impact of COVID-19 cannot be reliably estimated at this time, the Company has determined that these events are non-adjusting post balance sheet events, and accordingly the financial position as at and results of operations for the year ended 31 December 2019 have not been adjusted to reflect their impact.

Corporate contacts & advisers

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