NewDay Funding 2015-1 Plc

Company No. 09385611

Statutory Financial Statements

31 December 2016

Contents

General information

Directors

Debra Parsall

Intertrust Directors 1 Limited

Intertrust Directors 2 Limited

Company Secretary

Intertrust Corporate Services Limited

Registered Office

35 Great St. Helen's
London
EC3A 6AP

Solicitor

Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Strategic Report

Principal activities

The principal activities of NewDay Funding 2015-1 Plc (the "Company") are financing in the form of issuing listed term debt and using the proceeds to invest in floating rate loan notes issued by NewDay Funding Loan Note Issuer Ltd (the 'Loan Note Issuer'). The Company and the Loan Note Issuer are structured entities within the NewDay Group of entities (the "Group") on the basis of rights to variable returns, power and ability to affect the variable returns. The Company was established for the purpose of ultimately raising funding for the Group for the origination of credit card receivables.

Review of the Company's business and future developments

On 24 June 2015, the Company issued publicly listed term debt to the external market at a value of £282,900,000 (the "Notes"). The Company, on the same date for the value of £282,900,000, purchased a floating rate note (the "Series 2015-1 Loan Note") from the Loan Note Issuer. The Company's primary source of funds to make payments on the Notes is derived from payments made by the Loan Note Issuer to the Company under the Series 2015-1 Loan Note. To provide credit enhancement for the Series 2015-1 Loan Note the Loan Note Issuer has issued VFN loan notes to external banks and an Originator VFN to NewDay Funding Transferor Ltd (the "Transferor").

The ultimate source of payment on the Notes will be collections on a portfolio of credit card accounts acquired by the Transferor and initially originated or acquired by NewDay Ltd (the "Originator"). The receivables arising on these credit card accounts have been and will be purchased by NewDay Funding Receivables Trustee Ltd (the "Receivables Trustee"), subject to certain criteria being satisfied, and held in trust for certain beneficiaries (including the Loan Note Issuer and the Transferor). The Loan Note Issuer used the funds received from the issuance of the Series 2015-1 Loan Note to obtain an investment interest in the Receivables Trust. The Loan Note Issuer receives investor interest which it uses to fund the payments on the Series 2015-1 Loan Note with the Company. The Company then ultimately uses the funds received to fund the payments on the Notes.

The Notes are listed on the London Stock Exchange.

During the year the Company has continued to trade as a securitisation entity and has made a nominal retained profit of £100 per month. There are no planned changes to the Company's operating model in the foreseeable future based on the Company's structure as a securitisation entity.

Principal risks and uncertainties

The overall risk appetite of the Company is low, which is reflected in the structuring of, and the flow of payments of the transactions it is a party to. The Company applies the Group's formal structure for managing risk. This includes identification, management and mitigation of risks using the Group's Risk Appetite Statement Framework and is supported through the Group's use of the standard three lines of defence model to protect the lenders, borrowers and shareholders. The principal risks faced by the Company are credit risk, market interest rate risk, liquidity, funding and cash management risk, regulatory risk and operational risk. A summary of these risks is included below:

Credit risk

Credit risk is the risk of loss arising from counterparty defaults. The Company is exposed to credit risk through the securitisation structure ultimately from the credit card balances which reside in the Transferor. See note 14 for further details of credit risk assessment.

Credit risk of the Transferor is managed within the Group's framework through the use of detailed lending criteria and suitable product and pricing structures. The Group has credit policies for each Card portfolio which details the approach to lending and has a dedicated team which assesses credit risk and maintains a tight underwriting stance in the current economic environment.

Market interest rate risk

Market interest rate risk is the risk of loss through unhedged or mismatched asset and liability positions sensitive to changes in interest rates. The Company has matched the interest rate structure of its assets and liabilities creating a natural hedge. The Directors are confident that the Company's hedging strategy effectively mitigates the interest rate risk facing the Company.

Strategic Report (continued)

Liquidity, funding and cash management risk

Liquidity, funding and cash management risk is the risk that the Company is not able to meet its liabilities when they are due under normal conditions, and under a liquidity stress as defined by the internal stress requirements computed and analysed at the Group level or can do so only at excessive cost. The Company currently derives its income from interest received from the issued Series 2015-1 Loan Note. The maturity profile of the Series 2015-1 Loan Note is structured to match the contractual profile of the Notes, which effectively mitigates the overall liquidity risk.

Regulatory risk

Regulatory risk is the risk of loss arising from a breach of existing regulations or that the Company does not adhere to the changing regulatory environment in which it operates.

Full regulatory compliance, reporting and monitoring is provided by NewDay Cards Ltd ("NDC"). NDC is the entity in the Group which provides various management services to the Group entities under servicing agreements. NDC perform the service under the Group-wide regulatory compliance framework, which includes periodic compliance updates and, where appropriate, escalation by exception. The Directors are confident that the Company is well placed to meet all of its regulatory requirements.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk includes, but is not limited to, IT, information security, project, outsourcing, tax, legal, fraud and compliance risks. All of the operational aspects of the Company's business are performed by NDC under the servicing agreement which ensures that all the key operational risks are monitored and addressed under the Group Risk Management Framework, which includes a business continuity plan and annual disaster recovery testing. The Directors periodically review NDC's compliance with operational performance standards as defined in the servicing agreement.

Key performance indicators and results

The company made a profit after tax of £1,200 for the year ended 31 December 2016 (period ended 31 December 2015: £32,000). The Company's profit is its retained profit as required by the securitisation structure documents of the entity, being £100 per month from the first distribution date following the issuance of the Notes.

Key performance indicators of the Company are the interest income on the Series 2015-1 Loan Note of £6,193,000 (period ended 31 December 2015: £3,388,000) in relation to the interest expense on the Notes of £6,193,000 (period ended 31 December 2015: £3,388,000). Any deviation from these two amounts being equal will signal an ineffective interest rate hedge by the Company.

Information about the performance of the Notes and the portfolio of credit card accounts acquired by the Transferor is provided in the monthly investor report, available on the website of NewDay at http://newday.co.uk/corporate-overview/#investor-relations.

The Company has effectively hedged the interest rate risk during 2016.

The audited financial statements and associated notes to the financial statements for the Company, for the year ended 31 December 2016 are set out on pages 9 to 23.

On behalf of the Board

Susan Abrahams
Per pro Intertrust Directors 1 Limited
Director
2 March 2017

Directors' Report

The Directors present their directors' report and audited financial statements of the Company for the year ended 31 December 2016.

Directors and their interests

The Directors who held office during the year were as follows:

- John Paul Nowacki (resigned on 27 January 2017)
- Debra Parsall (appointed on 27 January 2017)
- Intertrust Directors 1 Limited (previously SFM Directors Limited)
- Intertrust Directors 2 Limited (previously SFM Directors (No. 2) Limited)

None of the Directors have any beneficial interest in the ordinary share capital of the Company. None of the Directors had any interest in any material contracts or agreements with the Company during, or at the end of the year under review.

The Directors proposed and agreed the payment of a dividend for the financial year ended 31 December 2016 of £27,213 (period ended 31 December 2015: £nil) at the board meeting held on 2 March 2017. The dividend is to be paid on 15 July 2017 to the sole shareholder of the company, NewDay Funding Securitisation Holdings Ltd. The dividend is not reflected as a liability in the balance sheet as at 31 December 2016.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the Directors were in force during the year under review and remains in force as at the date of approval of the annual reports and financial statements.

Company Secretary

The Company Secretary during the year and up to the date of signing the financial statements, was Intertrust Corporate Services Limited (previously SFM Corporate Services Limited).

Issuance of shares

The Company has share capital of £12,501 comprising 1 fully paid ordinary share of £1, issued on incorporation, and 49,999 partly paid ordinary shares of £1 each allotted on 28 April 2015. NewDay Funding Securitisation Holdings Ltd holds the Company's entire issued share capital.

Corporate governance statement

The Directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the securitisation structure documents.

The securitisation structure documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling the Directors to comply with the regulatory obligations.

Due to the nature of the securities which have been issued, the Company is exempt from the requirements of the Financial Conduct Authority ('FCA') Disclosure and Transparency Rules 7.1 Audit Committees and 7.2 Corporate Governance statements (save for the rule 7.2.5 requiring description of the features of the internal control and risk management systems), which would otherwise require the Company respectively to have an audit committee in place and to include a corporate governance statement in the report of the Directors. The Directors are satisfied that there is no requirement for an audit committee or for a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

Directors' Report (continued)

Going concern

The Company's borrowings are structured so as to only require repayment of the Notes in line with the repayment of the Series 2015-1 Loan Note which will obtain its funds from the repayment of the underlying credit card loans and advances to customers. Consequently, the Directors are satisfied that the Company will have sufficient liquid resources available to meet its obligations as they fall due.

After reviewing management's forecasts and the latest performance of the Series 2015-1 Loan Note and the underlying loans and advances to customers, the Directors are satisfied that the Company will have adequate resources to continue in business for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Disclosures included in the strategic report

The Company has elected to include the information on future developments in the business of the company, exposure of the company to the risk on financial instruments and the management of such risk as per Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" in the strategic report, as the Directors consider those matters to be of strategic importance to the Company.

Auditor and disclosure of information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all of the steps that they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Company's Auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Auditor

KPMG LLP, the Auditor of the Company, have expressed their willingness to continue in office until the next annual general meeting. Pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Susan Abrahams
Per pro Intertrust Directors 1 Limited
As Director
2 March 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with the Companies Act 2006 applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether they have been prepared in accordance with IFRSs as adopted by the EU.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board

Susan Abrahams
Per pro Intertrust Directors No. 1 Limited
As Director
2 March 2017

Independent auditor's report

We have audited the financial statements of NewDay Funding 2015-1 Plc for the year ended 31 December 2016 set out on pages 9 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Andrew Walker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
2 March 2017

Statement of profit and loss and other comprehensive income

for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'000	Period 13 January 2015 to 31 December 2015 £'000
Interest and similar income	3	7,086	4.948
Interest and similar expense	4	(7,009)	(4,903)
Net interest income		**77**	**45**
Administration costs	5	(76)	(5)
Total administration costs		**(76)**	**(5)**
Profit before tax		**1**	**40**
Taxation	6	-	(8)
Profit for the year / period		**1**	**32**
Other comprehensive income		-	-
Profit for the year / period after other comprehensive income		**1**	**32**

The notes on pages 13 to 23 form an integral part of these financial statements.

Statement of financial position

as at 31 December 2016

	Note	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Assets			
Cash and balances at banks	7	46	53
Amounts due from other Group entities	8	283,188	283,199
Other assets		3	-
Total Assets		**283,237**	**283,252**
Liabilities			
Debt issued and other borrowed funds	9	281,904	281,121
Amounts owed to other Group entities	10	1,263	2,078
Other liabilities	11	24	-
Taxation payable	6	-	8
Total Liabilities		**283,191**	**283,207**
Capital and Reserves			
Share capital	12	13	13
Retained earnings		33	32
Total Equity		**46**	**45**
Total Liabilities and Equity		**283,237**	**283,252**

The notes on pages 13 to 23 form an integral part of these financial statements. The financial statements on pages 9 to 23 were approved by the Directors on 2 March 2017 and signed on its behalf by:

Susan Abrahams
Per pro Intertrust Directors 1 Limited
As Director

Company No. 09385611

Statement of changes in equity

for the year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	13	32	**45**
Profit for the year after other comprehensive income	-	1	**1**
At 31 December 2016	**13**	**33**	**46**

	Share capital £'000	Retained earnings £'000	Total equity £'000
At incorporation 13 January 2015	-	-	**-**
Shares issued in period	13	-	**13**
Profit for the period after other comprehensive income	-	32	**32**
At 31 December 2015	**13**	**32**	**45**

The notes on pages 13 to 23 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2016

	Year ended 31 December 2016 £'000	Period ended 31 December 2015 £'000
Operating activities		
Profit before tax	1	40
Adjusted for:		
Interest and similar expense	7,009	4,903
Changes in operating assets and liabilities		
Decrease / (increase) in receivables	8	(299)
(Decrease) / increase in payables	(791)	-
Interest paid	(6,226)	(4,604)
Income tax paid	(8)	-
Net cash flows generated in operating activities	**(7)**	**40**
Investing Activities		
Proceeds from issuance of debt	-	282,900
Series 2015-1 Loan Note	-	(282,900)
Net cash flows from investing activities	**-**	**-**
Financing cash flows		
Proceeds from issuance shares	-	13
Net financing cash flows	**-**	**13**
Net (decrease) / increase in cash	(7)	53
Cash at beginning of year / period	53	-
Cash at end of year / period	**46**	**53**

The notes on pages 13 to 23 form an integral part of these financial statements.

Notes to the financial statements

1. General information

1.1 Incorporation information

NewDay Funding 2015-1 Plc (the "Company") was incorporated on 13 January 2015 and is domiciled in England and Wales. The Company was registered as a public limited company with the registration number 09385611. The Company was established to issue floating rate notes, and on 25 June 2015, the Company issued publically listed term debt to the external market at a value of £282,900,000, the proceeds have been used to grant a loan to NewDay Funding Loan Note Issuer Ltd (the "Loan Note Issuer") under the Series 2015-1 Loan Note.

1.2 Authorisation of financial statements

The financial statements of the Company for the year ended 31 December 2016 were authorised for issue by the directors on 2 March 2017.

2. Accounting policies

2.1 Basis of preparation

Statement of compliance
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union International Financial reporting Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements of the Company have been prepared on an amortised cost basis.

The financial statements are presented in Sterling (£) and all values are rounded to the nearest thousand pounds, except where otherwise indicated.

Going concern
The Company's Directors have made an assessment of its ability to continue as a going concern and are satisfied that it has sufficient resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis as outlined in the Director's report.

Presentation of financial statements
The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 17.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

2.2 Summary of significant accounting policies

(1) Foreign currency translation
The Financial Statements are presented in Sterling (£) which is the presentation currency of the Company. The functional currency of the Company is Sterling and the Company transacts wholly in Sterling.

(2) Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition
All financial assets and liabilities are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument.

(ii) Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their purpose and characteristics and Company's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Notes to the financial statements (continued)

(iii) Debt issued and other borrowed funds
Financial instruments originated by the Company that are not designated at fair value through profit or loss, are classified as liabilities under 'Debt issued and other borrowed funds', where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt funding is measured at amortised cost using the effective interest rate ("EIR"). Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

(3) Derecognition of financial assets and financial liabilities

(i) Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:
    - The Company has transferred substantially all the risks and rewards of the asset or
    - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

(ii) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(4) Determination of fair value
The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

(5) Impairment of financial assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(6) Ordinary shares
The Company applies IAS 32 *Financial Instruments: Presentation* to determine whether funding is either a financial liability (debt) or equity.

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

(7) Interest and similar income and expense
For all financial instruments measured at amortised cost, interest income or expense is recorded using the EIR. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

For all financial instruments measured at amortised cost, interest income or expense is recorded using the EIR. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Notes to the financial statements (continued)

The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying value is calculated using the original EIR and the change in carrying value is recorded as 'Interest and similar income' for financial assets and 'Interest and similar expense' for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(8) Administration expenses
Administration expenses are recognised on an accruals basis.

(9) Taxation
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

At incorporation the Company was automatically and mandatorily entered into the permanent regime for the taxation of securitisation companies. Taxable profits under the permanent regime will equal the contractually retained profit as defined by the transaction documents.

(10) Cash and cash equivalents
Cash and balances at banks comprise non–restricted current accounts.

2.3 Significant accounting judgements, estimates and assumptions

The Company has made no significant judgements, estimates and / or assumptions in the year.

2.4 Adoption of new and revised standards

The following new standards, interpretations and amendments to existing standards are mandatory for the first time for the year ended 31 December 2016 but do not have a significant impact on the Company:

- Annual improvements to IFRSs 2012-2014 cycle;
- Amendments to IAS 1 'Presentation of Financial Statements';
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'; and
- Amendments to IAS 27 'Separate Financial Statements'.

2.5 Standards issued but not yet effective

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

- IFRS 9 'Financial Instruments'. IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 'Financial Instruments: Recognition and Measurement' and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39, as well as introducing an expected credit loss model for the measurement of the impairment provision on financial assets. The effective date for this standard is 1 January 2018. The Company continues to assess the impact on the Company's financial statements;
- IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 supersedes IAS 11 'Construction Contracts' and IAS 18 'Revenue' and sets out the requirements for recognising revenue that applies to contracts with customers, except for those revenue items that are covered by standards on leases, insurance contracts and financial instruments. This standard becomes effective on 1 January 2018. The Company continues to assess the impact on the Company's financial statements;
- IFRS 16 'Leases'. IFRS 16 eliminates the classification of leases as either operating or finance leases and introduces a single lessee accounting model. This standard becomes effective on 1 January 2019, however it has not yet been endorsed by the EU;
- Amendments to IAS 7 'Statement of Cash Flows';
- Amendments to IAS 12 'Income Taxes';
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'; and
- Annual improvements to IFRSs 2014-2016 cycle.

Notes to the financial statements (continued)

3. Interest and similar income

	Year ended 31 December 2016	Period from 13 January to 31 December 2015
	£'000	£'000
Interest on the Series 2015-1 Loan Note	6,193	3,388
Other income due from Group entities	893	1,560
	7,086	**4,948**

Other income due from Group entities relates to income received to finance debt funding and other fees incurred.

4. Interest and similar expense

	Year ended 31 December 2016	Period from 13 January to 31 December 2015
	£'000	£'000
Interest on floating rate notes	6,193	3,388
Amortised debt funding fees	816	1,515
	7,009	**4,903**

5. Administration costs

	Year ended 31 December 2016	Period from 13 January to 31 December 2015
	£'000	£'000
Administration costs	76	5
	76	**5**

Intertrust Corporate Services Limited (previously SFM Corporate Services Limited) is the 100% shareholder of NewDay Funding Securitisation Holdings Ltd (the "Parent") and it is a wholly owned subsidiary of Intertrust Management Limited (previously Structured Finance Management Limited) who performs corporate administration services on behalf of the Company. Corporate services fees paid during the year to 31 December 2016 were £10,000 (period ended 31 December 2015: £5,000).

The Company has no employees. The directors did not receive any emoluments in respect of their services to the Company for the year (period ended 31 December 2015: £nil). External audit fees of £5,000 (period ended 31 December 2015: £5,000) for the audit of the Company's financial statements were borne by NewDay Cards Ltd.

6. Taxation

	Year ended 31 December 2016	Period from 13 January to 31 December 2015
	£'000	£'000
UK corporation tax on profits for the year	-	8
Total taxation charge	**-**	**8**

Notes to the financial statements (continued)

6. Taxation (continued)

For the period from 1 January 2015 to 31 March 2015, the enacted UK Company tax rate was 21%. For the period from 1 April 2015 to 31 December 2016 the enacted UK Company tax rate was 20%. The average tax rate, assessed for the year is calculated at 20% (period ended 31 December 2015: 20.25%). The tax reconciliation is shown below:

	Year ended 31 December 2016	**Period from 13 January to 31 December 2015**
	£'000	£'000
Profit on ordinary activities before taxation	1	40
Less profit on ordinary activities before taxation not subject to corporation tax as taxed as a securitisation company	-	-
Total taxable profit	**1**	**40**
UK corporation tax at 20% (period ended 31 December 2015: 20.25%)	-	8
Total taxation charge	**-**	**8**

7. Cash and balances at banks

	As at 31 December 2016	**As at 31 December 2015**
	£'000	£'000
Cash at bank	46	53
	46	**53**

Cash at bank includes £12,501 (2015: £12,501) which represents the proceeds of issued share capital, held on the Intertrust Management Limited client account and is accessible by the Company on demand.

8. Amounts due from other Group entities

	As at 31 December 2016	**As at 31 December 2015**
	£'000	£'000
Series 2015-1 Loan Note	283,167	283,199
Amounts owed to group undertakings	21	-
	283,188	**283,199**

The Series 2015-1 Loan Note is due from the Loan Note Issuer with a scheduled maturity date of 15 July 2018. Interest is accrued at the same rate as the debt issued and other borrowed funds, see note 9.

Notes to the financial statements (continued)

9. Debt issued and other borrowed funds

Series 2015-1	Interest rate	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Class A	1mth Libor +1.00%	147,300	147,300
Class B	1mth Libor +1.55%	21,600	21,600
Class C	1mth Libor +1.95%	31,800	31,800
Class D	1mth Libor +2.50%	44,100	44,100
Class E	1mth Libor +3.50%	22,800	22,800
Class F	1mth Libor +4.50%	15,300	15,300
Debt issued		**282,900**	**282,900**
Accrued interest		267	299
		283,167	**283,199**
Unamortised issue costs		(1,263)	(2,078)
Debt issued and other borrowed funds		**281,904**	**281,121**

The Company issued publicly listed Notes to the external market on 24 June 2015, all debt is in Sterling.

The classes of Notes above are listed in order of priority in point of security as to the payment of principal and interest. Payments in respect of each Note class will only be made to the extent that there are sufficient funds after paying certain liabilities, including liabilities in respect of the preceding class(es).

The Notes have a scheduled redemption date of 15 July 2018 with a final contractual redemption date of 15 July 2023.

The Company has not had any defaults of principal, interest or other breaches in respect of debt securities during the period.

10. Amounts owed to other Group entities

	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Amounts owed to NewDay Funding Transferor Plc	1,263	2,078
	1,263	**2,078**

The amounts due are in relation to unamortised issue costs.

11. Other liabilities

	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Trade payables and accruals	24	-
	24	**-**

Notes to the financial statements (continued)

12. Share capital and reserves

	Issued share capital	
	Number of shares	Nominal value £
Subscriber shares on incorporation	1	1
Ordinary shares	49,999	49,999
As at 31 December 2016 and 31 December 2015	**50,000**	**50,000**

	Issued and fully paid	
	Number of shares	Nominal value £
Subscriber shares on incorporation	1	1
As at 31 December 2016 and 31 December 2015	**1**	**1**

	Issued and partially paid	
	Number of shares	Nominal value £
Ordinary shares	49,999	12,500
As at 31 December 2016 and 31 December 2015	**49,999**	**12,500**

The Company was incorporated with a share capital of £12,501 comprising 1 fully paid ordinary share of £1, issued on incorporation and, 49,999 partly paid ordinary shares of £1 each allotted on 28 April 2015. NewDay Funding Securitisation Holdings Ltd, holds the Company's entire issued share capital.

The shares are non-redeemable and hold full rights in respect of voting and entitle the holders to full participation in respect of equity and in the event of winding up of the company. The shares rank equally in respect of rights attaching to voting, dividends and in the event of winding up. No dividend was proposed or paid during the year (period ended 31 December 2015: nil).

The Company's capital is represented by the capital and reserves attributable to equity holders. The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006. The Company has not breached this minimum requirement.

The Company is subject to internal capital requirement in the form of a fixed monthly retained profit. The retained profit is £100 per month, the transactions of the company are structured to ensure that this amount is retained each month.

13. Fair value of financial instruments

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the financial statements (continued)

Fair value of financial instruments carried at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments. In the year all financial assets were classified as loans and receivables.

As at 31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Carrying Amount £'000	Fair value £'000
Financial assets					
Cash and balances at banks	-	46	-	46	46
Amounts due from other Group entities	-	283,188	-	283,188	279,806
Total financial assets	**-**	**283,234**	**-**	**283,234**	**279,852**
Financial liabilities					
Debt issued and other borrowed funds	-	281,904	-	281,904	278,522
Amounts owed to other Group entities	-	1,239	-	1,239	1,239
Other liabilities	-	24	-	24	24
Total financial liabilities	**-**	**283,167**	**-**	**283,167**	**279,785**

As at 31 December 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Carrying Amount £'000	Fair value £'000
Financial assets					
Cash and balances at banks	-	53	-	53	53
Amounts due from other Group entities	-	283,199	-	283,199	283,199
Total financial assets	**-**	**283,252**	**-**	**283,252**	**283,252**
Financial liabilities					
Debt issued and other borrowed funds	-	281,121	-	281,121	280,477
Amounts owed to other Group entities	-	2,078	-	2,078	2,078
Total financial liabilities	**-**	**283,199**	**-**	**283,199**	**282,555**

Cash and balances at banks:
These items have a short term maturity (usually less than three months) and it is assumed that the carrying amounts approximate to their fair value. These have been classified in level 2 because these items can be re-priced using market observable inputs.

Amounts due from / owed to other Group entities:
These items consist mainly of the Series 2015-1 Loan Note due from the Loan Note Issuer. The fair value mirrors the debt issued by the Company which has a market observable price, therefore has been classified as level 2. The fair value of the remaining balances approximates to the carrying values as there has been no significant market conditions that would have caused a difference between the two values. These have been valued at level 2 as they can be re-priced using market observable inputs.

Debt issued and other borrowed funds:
This balance contains publicly listed term debt which is not actively traded but a market observable price is available therefore has been classified as level 2.

Other liabilities:
Other liabilities are made up of accounts payable and accruals. The fair value of other liabilities approximates to their carrying value because there have been no factors that would have caused a difference between these two values. These have been classified as level 2 because these items can be re-priced using market observable inputs.

14. Credit risk

The Company is exposed to credit risk via amounts due from other Group entities and cash and balances at banks. The Company's ability to meet payments on the issued debt relies on the receipt of funds on the Series 2015-1 Loan Note, which in turn is dependent on receipt of payments on the credit card receivables portfolio held in trust. To minimise risk, any credit card receivables included in the portfolio is required to meet a number of criteria as determined in the transaction documentation.

Notes to the financial statements (continued)

The maximum credit risk exposure as at 31 December 2016 is as follows:

	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Amounts due from other Group entities	283,188	283,199
Cash and balances at banks	46	53
	283,234	**283,252**

No impairment has been recognised in respect of any financial assets, and no financial assets were past due.

15. Market interest rate risk

The Company is not subject to market interest rate risk due to the securitisation structure. The loans of the Company are matched to the assets creating a natural hedge.

16. Liquidity, funding and cash management risk

Liquidity, funding and cash management risk is the risk that the Company is not able to meet its liabilities when they are due under normal conditions. The maturity profile of the Series 2015-1 Loan Note is structured to match the contractual profile of the Notes, which effectively mitigates the overall liquidity risk. The table below summarises the scheduled maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 December 2016.

Scheduled redemption maturities of undiscounted cash flows of financial assets and liabilities

	As at 31 December 2016					
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial assets						
Cash and balances at banks	46	-	-	-	-	46
Amounts due from Group entities	1,284	1,443	4,330	286,004	-	293,061
Other assets	3	-	-	-	-	3
Financial liabilities						
Debt issued and other borrowed funds	-	(1,443)	(4,329)	(286,003)	-	(291,775)
Amounts owed to other Group entities	(1,263)	-	-	-	-	(1,263)
Other liabilities	(24)	-	-	-	-	(24)
Net cash flow	**46**	**-**	**1**	**1**	**-**	**48**

	As at 31 December 2015					
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial assets						
Cash and balances at banks	53	-	-	-	-	53
Amounts due from Group entities	2,078	1,611	4,835	292,813	-	301,337
Financial liabilities						
Debt issued and other borrowed funds	-	(1,611)	(4,834)	(292,811)	-	(299,256)
Amounts owed to other Group entities	(2,078)	-	-	-	-	(2,078)
Net cash flow	**53**	**-**	**1**	**2**	**-**	**56**

Notes to the financial statements (continued)

17. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 December 2016		
	< 12 months	> 12 months	Total
	£'000	£'000	£'000
Assets			
Cash and balances at banks	46	-	46
Amounts due from other Group entities	288	282,900	283,188
Other assets	3	-	3
Total Assets	**337**	**282,900**	**283,237**
Liabilities			
Debt issued and other borrowed funds	267	281,637	281,904
Amounts owed to other Group entities	816	447	1,263
Other liabilities	24	-	24
Total Liabilities	**1,107**	**282,084**	**283,191**

	As at 31 December 2015		
	< 12 months	> 12 months	Total
	£'000	£'000	£'000
Assets			
Cash and balances at banks	53	-	53
Amounts due from other Group entities	299	282,900	283,199
Total Assets	**352**	**282,900**	**283,252**
Liabilities			
Debt issued and other borrowed funds	299	280,822	281,121
Amounts owed to other Group entities	799	1,279	2,078
Taxation payable	8	-	8
Total Liabilities	**1,106**	**282,101**	**283,207**

18. Parent undertaking and controlling party and consolidation

The Company's immediate parent is NewDay Funding Securitisation Holdings Ltd, a company registered in England and Wales (registered number 09387831) which holds the entire issued share capital of the Company.

Intertrust Corporate Services Limited holds the entire issued share capital of NewDay Funding Securitisation Holdings Ltd on a discretionary trust basis under a share trust deed.

Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited (previously Structured Finance Management Limited).

Under IFRS, the Company's financial statements are consolidated into the financial statements of NewDay Group Holdings S.à.r.l. on the basis of rights to variable returns, power and ability to affect the variable returns. Copies of NewDay Group Holdings S.à.r.l. consolidated financial statements are available from our website www.newday.co.uk or its registered offices at:

4 rue Albert Borschette
L-1246 Luxemburg
Grand Duchy of Luxemburg

Notes to the financial statements (continued)

19. Post balance sheet events

At the board meeting held on 2 March 2017 the Directors proposed and accepted the payment of a dividend for the financial year ended 31 December 2016 of £27,213 (period ended 31 December 2015: £nil) payable to the sole shareholder of the company NewDay Funding Securitisation Holdings Ltd. The dividend is to be paid on 15 July 2017.

On 11 October 2016 funds advised by Cinven and CVC agreed to acquire the NewDay Group Holdings S.à r.l. and its subsidiaries from Värde Partners. Following receipt of regulatory and anti-trust approvals, the transaction completed on 26 January 2017.

20. Related party transactions

	Year ended 31 December 2016 £'000	As at 31 December 2016 £'000
Amounts due from other Group entities	-	283,188
Amounts owed to other Group entities	-	(1,263)
Interest and similar income received from other Group entities	7,086	-
Interest and similar expenses paid to other Group entities	(815)	-

	Period ended 31 December 2015 £'000	As at 31 December 2015 £'000
Amounts due from other Group entities	-	283,199
Amounts owed to other Group entities	-	(2,078)
Interest and similar income received from other Group entities	4,948	-
Interest and similar expenses paid to other Group entities	(1,515)	-

As at 31 December 2016 NewDay Funding Transferor Ltd held £15,300,000 (2015: £38,100,000) of the Company's issued Notes and earned interest in the year of £1,502,000 (period ended 31 December 2015: £457,000).

Intertrust Management Limited , the shareholder of the Parent company, performs administration services for the Company, and the corporate services fees paid during the year to 31 December 2016 were £10,000 (period ended 31 December 2015: £5,000).

No Directors' remuneration was paid by the Company in respect of qualifying services rendered during the year under review (period ended 31 December 2015: £nil).