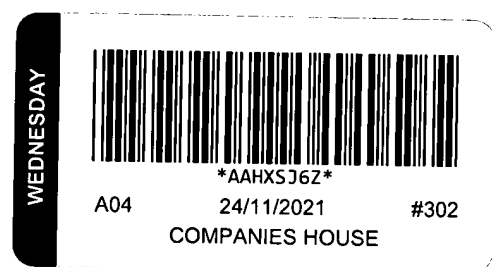


Company Registration No.10790251 (England and Wales)

SNAP FINANCE UK (GROUP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | M A Brunault M L Hawkins A A Smith |
| Registration No. | 10790251 |
| Registered Office | 1 Vincent Avenue Crownhill Milton Keynes England MK8 0AB |
| Auditors | Wilson Wright LLP Chartered Accountants Thavies Inn House 3 - 4 Holborn Circus London EC1N 2HA |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES

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SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

Fair review of the business

Snap Finance group is a point of sale retail finance business. As a challenger fintech the group specialises in retail finance solutions that enable retailers to offer credit to a broader range of customers than traditional banks. Through enhanced proprietary decisioning and a primary focus on needs-based retail sectors the group is able to responsibly help customers who are often turned away by prime lenders and banks.

The group's only subsidiary, Snap Finance Limited, is a growing company serving over 50,000 customers through a diverse retailer partner network. Many of the retail partners are independent stores or small regional chains, primarily selling furniture, flooring, automotive, and mobility solutions.

The group prides itself on responsibly enabling customers, often turned away from eye-catching 0% prime deals, to get the things they need for their house or car and spread the cost of doing so. Uniquely, all the business' products include an interest free pay off period such as the headline PayIn4 offer.

The group has a deep expertise in a broad spectrum of underwriting credit across a range of products, retail partners, and channels, and combine this with advanced technology and payment solutions to compete with mainstream lenders.

Principal risks and uncertainties

In 2020 many of the group's customers and retail partners were impacted by the COVID-19 pandemic (COVID-19). During March 2020 measures were taken to ensure the group was ready for whatever lay ahead.

Colleagues: From early March 2020 the group began setting up and testing working from home for the operations teams; Customer Service, Retail Support, and Collections. Beginning with individual members followed by a group wide roll out once systems were proven and as the pandemic took hold. Through regular communication, Zoom and Teams meetings, 121's and more, the group's work from home model proved immediately effective. The modern systems, cloud based telephony, and existing global approach to effective home working proved valuable. By the end of March 2020 the group had seamlessly transitioned the entire in-house contact centre to work remotely, along with non-telephony based colleagues.

Customers: The group introduced COVID related forbearance programmes early on and measures to track and monitor those customers – even before the FCA had raised it with the industry. Support was offered to many customers through the COVID period with a variety of payment relief and interest relief measures. A range of forbearance programmes has continued to be offered to customers, tailored to their individual circumstances.

Business: The group has tightened the risk appetite and has strengthened cash and liquidity positions. Support has been sought from partners where appropriate and available, and the group has downsized the office to enough space for those who needed to work from an office location. Prudent cash management, use of the furlough scheme, and expense reduction were just some of the actions taken to ensure the continuity of the UK business in such unprecedented times.

Regulatory: The group continued to manage regulatory requirements whilst monitoring emerging regulation. During 2020 the business made changes relating to the FCA's COVID-19 payment deferral guidance. In line with this guidance, payment relief was offered such as payment holidays and payment freezes as a result of COVID-19. The group has continued to monitor regulatory developments and evolving guidance, including the FCA's subsequent extensions of support packages to March 2021 and additional guidance issued by the FCA in September 2020. The business is actively working on a Vulnerable Customer programme and continue to review processes, controls, and governance across all customer touch points.

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Development and performance

Given the 2020 COVID-19 backdrop, the group has performed well. Despite this, the business was able to continue to welcome new customers throughout the pandemic, helping those who needed access to responsible credit offers. Many retailers stopped trading due to their non-essential status, however many re-opened for periods of the year, and others found ways to trade online if not already doing so. The group's close contact with retail partners through the dedicated Account Management Team enabled them to remain alert to closures, openings, and provide support or guidance to our retail partners through the year.

The group demonstrated excellent operational resilience and were able to maintain service levels for all Customer Service and Retail Support lines throughout the year. The vast majority of calls offered were answered in under 45 seconds, Trust Pilot scores remained at impressive levels, whilst productivity and morale remained high. The operations team have been, and continue to be, a real asset to the organisation who show excellent service and empathy to our customers and retail partners and exude the company's core values – in particular, Fast, Flexible, and Friendly.

Demand for credit was dampened in 2020, reflected across the credit industry as new lending and new searches fell. Consumer spending also fell, particularly in non-essential retail, and many groups of customers maintained their income either through continued work or furlough schemes. All of this meant that many consumers were able to pay down debt and not take out new borrowing.

Despite this, the business was still on hand to help many customers when they did need help – guiding them to retailers who were still trading, or offering nationwide delivery, and supporting them with responsible credit offers to facilitate their purchase. The new lending volume remained relatively flat throughout 2020 and against 2019 levels.

Whilst maintaining operational service levels, prudent cost management, and supporting existing retailers and customers were priorities, 2020 also presented the group with the opportunity to make further enhancements to the offering and service. The group piloted and rolled out automated SMS chat bots giving customers greater flexibility to talk, enhanced the group's product offerings, integrated with Deko as their exclusive secondary unsecured lender, piloted Open Banking systems, and redesigned customer marketing programmes. As a result, the business is well positioned to grow again in 2021 when the UK economy returns to normal.

Everyone at the group is passionate about the customers and the market being served. The group constantly looks for improvements to products and services and seeks feedback and insights to inform what they do.

The directors are optimistic for the future and believe the group is well positioned in the retail finance market. This wouldn't be possible without great people and a great culture.

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

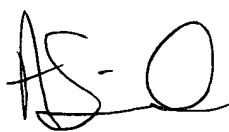
The key financial performance indicators (KPI's) are as follows:

| | 2020 | 2019 |
|-----------------|--------------|--------------|
| | £'000 | £'000 |
| Gross profit | 4,253 | 678 |
| Loss before tax | (2,079) | (5,391) |

The results are set out in detail on page 9.

On behalf of the board

A A Smith
Director



Date:

13/10/21

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

The directors' review of the business performance and risk exposure of the group is detailed in the Strategic Report.

Principal activity

The principal activity of the group is providing short term loan financing to consumers through its subsidiary, Snap Finance Limited.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M A Brunault
M L Hawkins
A A Smith

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the consolidated 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- ~ Select suitable accounting policies and then apply them consistently;
- ~ Make judgements and accounting estimates that are reasonable and prudent;
- ~ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business;
- ~ State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Wilson Wright LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

Since early 2020, the Coronavirus Disease 2019 ("COVID-19") has spread across many countries and it has affected the business and economic activities of the group to some extent. The directors together with their senior management team are closely monitoring the situation and taking the necessary cost saving steps to reinforce business continuity and maintain a strong financial position.

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, particularly as the parent, Snap US Holdings LLC has agreed to continue to provide all necessary support to the company to meet the company's financial commitments for at least one year from the date of approving the financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Future Developments

Details of the future developments are set out in the Strategic Report.

On behalf of the board

A A Smith
Director



Date:

13/10/21

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of Snap Finance UK (Group) Limited for the year ended 31 December 2020, which comprise, the Group statement of comprehensive income, the Group and Company statements of financial position, the Group and Company statements of changes in equity, the Group statement of cashflows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group of company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 this regard.

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

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Respective responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud:

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with tax regulations, environmental regulations, health and safety regulations, and anti-bribery and anti-corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the auditors included:

- Discussions with the directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Assessing management's significant judgements and estimates in particular to those relating to the recoverability of loans.
- Identifying and testing manual journal entries, in particular any journal entries posted with unclear rationale.

**SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
INDEPEDENT AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Warren Baker FCA (Senior Statutory Auditor)
for and behalf of Wilson Wright LLP
Chartered Accountants and Statutory Auditors
Thavies Inn House
3 - 4 Holborn Circus
London
EC1N 2HA

Date: 27/10/2021


SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | 2019 £ |
|------------------------------------|----------|--------------------|--------------------|
| Revenue | 3 | 11,793,221 | 6,594,897 |
| Cost of sales | | (7,539,379) | (5,916,868) |
| Gross profit | | 4,253,842 | 678,029 |
| Administrative expenses | | (5,730,458) | (5,527,487) |
| Other income | | 340,326 | - |
| Operating loss | | (1,136,290) | (4,849,458) |
| Finance costs | 7 | (942,932) | (541,746) |
| Loss before taxation | 4 | (2,079,222) | (5,391,204) |
| Taxation | 8 | - | - |
| Loss for the financial year | | <u>(2,079,222)</u> | <u>(5,391,204)</u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|--------------------------------|-------|---------------------|---------------------|---------------------|--------------------|
| Non-current assets | | | | | |
| Intangible assets | 10 | | 513,026 | | 409,172 |
| Property, plant and equipment | 11 | | <u>81,913</u> | | <u>100,618</u> |
| | | | 594,939 | | 509,790 |
| Current assets | | | | | |
| Trade and other receivables | 13 | 11,019,660 | | 7,945,785 | |
| Cash at bank and in hand | | <u>1,021,523</u> | | <u>478,254</u> | |
| | | 12,041,183 | | 8,424,039 | |
| Current liabilities | 14 | <u>(24,607,991)</u> | | <u>(18,826,476)</u> | |
| Net current liabilities | | | (12,566,808) | | (10,402,437) |
| Net liabilities | | | <u>(11,971,869)</u> | | <u>(9,892,647)</u> |
| Equity | | | | | |
| Called up share capital | 16 | | 100 | | 100 |
| Retained Earnings | 18 | | (11,971,969) | | (9,892,747) |
| Total equity | | | <u>(11,971,869)</u> | | <u>(9,892,647)</u> |

These financial statements were approved by the board of directors and authorised for issue on and are signed for issue on its behalf by:



A A Smith
Director

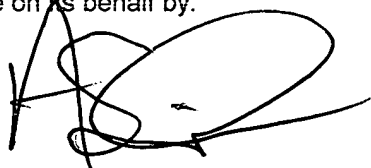
Company Registration No. 10790251

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|--------------------------------|-------|---------------------|-------------------|---------------------|-------------------|
| Non-current assets | | | | | |
| Intangible assets | 10 | | - | | - |
| Investment | 12 | | <u>22,697,542</u> | | <u>17,035,518</u> |
| | | | 22,697,542 | | 17,035,518 |
| Current assets | | | | | |
| Trade and other receivables | 13 | <u>100</u> | | <u>100</u> | |
| | | 100 | | 100 | |
| Current liabilities | 14 | <u>(23,228,473)</u> | | <u>(17,661,279)</u> | |
| Net current liabilities | | | (23,228,373) | | (17,661,179) |
| Net liabilities | | | <u>(530,831)</u> | | <u>(625,661)</u> |
| Equity | | | | | |
| Called up share capital | 16 | | 100 | | 100 |
| Retained Earnings | 18 | | (530,931) | | (625,761) |
| Total equity | | | <u>(530,831)</u> | | <u>(625,661)</u> |

These financial statements were approved by the board of directors and authorised for issue on and are signed for issue on its behalf by:

A A Smith
Director



13/10/21

Company Registration No. 10790251

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

| | | Share capital | Retained earnings | Total |
|--|--------------|------------------|----------------------|---------------------|
| | Notes | £ | £ | £ |
| Balance at 1 January 2019 | | 100 | (4,501,543) | (4,501,443) |
| Year ended 31 December 2019 | | | | |
| Loss and total comprehensive loss for the year | | - | (5,391,204) | (5,391,204) |
| Balance at 31 December 2019 | 16,18 | <u>100</u> | <u>(9,892,747)</u> | <u>(9,892,647)</u> |
| Year ended 31 December 2020 | | | | |
| Loss and total comprehensive loss for the year | | - | (2,079,222) | (2,079,222) |
| Balance at 31 December 2020 | 16,18 | <u>100</u> | <u>(11,971,969)</u> | <u>(11,971,869)</u> |

SNAP FINANCE UK (GROUP) LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

| | | Share capital | Retained earnings | Total |
|------------------------------------|--------------|------------------|----------------------|------------------|
| | Notes | £ | £ | £ |
| Balance at 1 January 2019 | | 100 | (638,224) | (638,124) |
| Year ended 31 December 2019 | | | | |
| Profit for the year | | - | 12,463 | 12,463 |
| Balance at 31 December 2019 | 16,18 | <u>100</u> | <u>(625,761)</u> | <u>(625,661)</u> |
| Year ended 31 December 2020 | | | | |
| Profit for the year | | - | 94,830 | 94,830 |
| Balance at 31 December 2020 | 16,18 | <u>100</u> | <u>(530,931)</u> | <u>(530,831)</u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|---|-------|-----------|-------------------------|-----------|-----------------------|
| Cash flows from operating activities | | | | | |
| Cash generated by operations | 1 | | 1,789,374 | | 1,037,292 |
| Interest income | | | - | | - |
| Income taxes received | | | - | | - |
| Net cash outflow from operating activities | | | <u>1,789,374</u> | | <u>1,037,292</u> |
| Investing activities | | | | | |
| Purchase of property, plant and equipment | | (51,512) | | (40,937) | |
| Purchase of intangible assets | | (251,662) | | (226,399) | |
| Net cash used in investing activities | | | <u>(303,174)</u> | | <u>(267,336)</u> |
| Financing activities | | | | | |
| Interest payable | | (942,932) | | (541,746) | |
| Net cash generated from financing activities | | | <u>(942,932)</u> | | <u>(541,746)</u> |
| Net increase/(decrease) in cash and cash equivalents | | | <u>543,268</u> | | <u>228,210</u> |
| Cash and cash equivalents at the beginning of the financial year | | | 478,254 | | 250,044 |
| Cash and cash equivalents at the end of the financial year | | | <u><u>1,021,522</u></u> | | <u><u>478,254</u></u> |
| Cash at bank balances | | | 1,021,523 | | 478,254 |
| Cash and cash equivalents | 1.1 | | <u><u>1,021,523</u></u> | | <u><u>478,254</u></u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

| 1 Reconciliation of operating loss to cash used in from operations | 2020 | 2019 |
|---|-----------------------|-----------------------------------|
| | £ | £ |
| Loss for the financial year after tax | (2,079,222) | (5,391,204) |
| Adjustments for: | | |
| Taxation charged | - | - |
| Interest income | - | - |
| Finance costs | 942,932 | 541,746 |
| Operating loss | (1,136,290) | (4,849,458) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 70,216 | 62,599 |
| Amortisation of intangible assets | 147,808 | 107,353 |
| Operating cash flow before movement in working capital | (918,266) | (4,679,506) |
| Movements in working capital | | |
| Increase in trade and other receivables | (3,073,875) | (5,473,174) |
| Increase in trade and other payables | 5,781,515 | 11,189,972 |
| Cash generated by operations | 1,789,374 | 1,037,292 |
| 1.1 Analysis of changes in net debt | 1 January 2020 | Cash flow 31 December 2020 |
| Cash at bank and in hand | 478,254 | 543,269 |
| | | 1,021,523 |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting Policies

Company information

Snap Finance UK (Group) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Vincent Avenue, Crownhill, Milton Keynes, MK8 0AB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

Since early 2020, the Coronavirus Disease 2019 ("COVID-19") has spread across many countries and it has affected the business and economic activities of the company to some extent. The directors together with their senior management team are closely monitoring the situation and taking the necessary cost saving steps to reinforce business continuity and maintain a strong financial position.

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future, particularly as the parent, Snap US Holdings LLC, has agreed to continue to provide all the necessary support to the group and company to meet the group and company's financial commitments for at least one year from the date of approving the financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Basis of consolidation

The group financial statements include the accounts of the company and of its subsidiary undertaking drawn up to 31 December 2020 as detailed in note 12 to the accounts. Profits or losses on intra-group transactions are eliminated in full. The results of the subsidiaries have been consolidated from the date of their acquisition.

1.4 Revenue

Group revenue comprises of interest and fee income on loans which is calculated using the effective interest method which allocates interest and loan origination fees over the expected lives of the assets.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting Policies (continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|----------------------|-----------------------|
| Software development | 4 years straight line |
|----------------------|-----------------------|

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised on a straight line basis so as to write off the cost of the assets less their residual values over their useful lives:

| | |
|-----------------------|-----------------------|
| Fixtures and fittings | 3 years straight line |
| Computer equipment | 3 years straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the income statement.

1.8 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting Policies (continued)

1.9 Impairment of non-current assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments with original maturities of three months or less.

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting Policies (continued)

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Impairment of financial assets

Financial assets, other than those held at fair value through the income statement, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classifications of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting Policies (continued)

1.12 Financial instruments (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting Policies (continued)

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a basis which is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Tax losses

Subject to HM Revenue and Customs approval, the group has estimated tax losses of £11,480,000 (2019: £9,575,000). A deferred tax asset has not been recognised in respect of these losses in accordance with FRS 102.

Bad debt allowance

The bad debt allowance on customer loans is based on a fixed percentage rate. This rate was assessed using historical data of actual loans written off. A detailed review of post balance sheet collections has been undertaken to determine the actual write off percentage which the directors believe reflects an accurate picture of the total estimated bad debt write offs.

The carrying amount of the bad debt allowance at the reporting date was £5,059,932 (2019: £4,107,059)

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Revenue

All revenue arose in the United Kingdom.

4 Loss before tax

| | 2020 | 2019 |
|---|------------------|-----------------|
| | £ | £ |
| Loss before tax is stated after charging: | | |
| Amortisation of intangible assets | 147,808 | 107,353 |
| Depreciation of property, plant and equipment | 70,216 | 62,599 |
| Operating lease rentals | 109,288 | 92,591 |
| Auditors' remuneration - group | 10,000 | 10,000 |
| - company | 30,000 | 26,000 |
| Exchange gains | <u>(130,589)</u> | <u>(78,060)</u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees (including directors)

Number of employees

The average number of employees (including directors) during the year was:

| | 2020 | 2019 |
|----------------|---------------|---------------|
| | Number | Number |
| Administrative | 9 | 8 |
| Management | 19 | 11 |
| Sales | 51 | 35 |
| | <u>79</u> | <u>54</u> |

Employment costs (excluding directors' emoluments)

| | 2020 | 2019 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Salaries | 2,831,148 | 2,405,892 |
| Social security costs | 310,804 | 285,753 |
| Pension costs | 41,333 | 28,518 |
| Total staff costs | <u>3,183,285</u> | <u>4,721,432</u> |
| Staff costs charged to profit and loss | <u>3,183,285</u> | <u>4,721,432</u> |

6 Directors' Emoluments

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Emoluments | 262,090 | 278,000 |
| | <u>262,090</u> | <u>278,000</u> |
| Emoluments disclosed above include the following in respect of the highest paid director: | | |
| Emoluments | 237,990 | 253,000 |
| | <u>237,990</u> | <u>253,000</u> |

Key management personnel are considered to be the Board of Directors.

The number of directors for whom retirement benefits are accruing under defined contribution pension schemes amounted to £Nil (2019 - £Nil).

7 Finance costs

| | 2020 | 2019 |
|------------------|----------------|----------------|
| | £ | £ |
| Interest payable | <u>942,932</u> | <u>541,746</u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

| 8 Taxation | 2020 | 2019 |
|------------------------|-------------|-------------|
| | £ | £ |
| Current tax | | |
| Corporation tax charge | - | - |
| Total tax | - | - |

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2020 | 2019 |
|--|--------------------|--------------------|
| | £ | £ |
| Loss before tax | <u>(2,079,222)</u> | <u>(5,391,204)</u> |
| Expected tax credit based on the standard rate of corporation tax in UK of 19% (2019: 19%) | (395,052) | (1,024,329) |
| Tax effect of expenses that are not deductible in determining taxable profit | 2,265 | 171 |
| Utilisation of tax losses not previously recognised | (18,018) | (2,368) |
| Unutilised tax losses carried forward | 407,251 | 1,020,291 |
| Permanent capital allowances in excess of depreciation | <u>3,554</u> | <u>6,235</u> |
| Taxation charge for the year | <u>-</u> | <u>-</u> |

The group has estimated tax losses of £11,478,005 (2019 - £9,572,835) available for carry forward against future profits.

9 Parent company profit for the year

The company has taken advantage of the exemptions allowed under Section 408 of the Companies Act 2006 and has not included its own profit and loss accounts in these financial statements. The profit after tax of the parent company for the year was £94,830 (2019: £12,463).

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

10 Intangible Fixed Assets

| | Goodwill | Software Costs | Development Costs | Total |
|------------------------|-----------------|-----------------------|--------------------------|----------------|
| | £ | £ | £ | £ |
| 10.1 Group | | | | |
| Cost | | | | |
| At 1 January 2020 | 147,949 | 49,147 | 379,500 | 576,596 |
| Additions | - | - | 251,662 | 251,662 |
| At 31 December 2020 | <u>147,949</u> | <u>49,147</u> | <u>631,162</u> | <u>828,258</u> |
| Amortisation | | | | |
| At 1 January 2020 | 34,521 | 49,147 | 83,756 | 167,424 |
| Charge for the year | 14,795 | - | 133,013 | 147,808 |
| At 31 December 2020 | <u>49,316</u> | <u>49,147</u> | <u>216,769</u> | <u>315,232</u> |
| Net book values | | | | |
| At 31 December 2020 | <u>98,633</u> | <u>-</u> | <u>414,393</u> | <u>513,026</u> |
| At 31 December 2019 | <u>113,428</u> | <u>-</u> | <u>295,744</u> | <u>409,172</u> |

Intangible Fixed Assets

| | Goodwill | Software Costs | Development Costs | Total |
|--------------------------------------|-----------------|-----------------------|--------------------------|---------------|
| | £ | £ | £ | £ |
| 10.2 Company | | | | |
| Cost | | | | |
| At 1 January 2020 & 31 December 2020 | <u>-</u> | <u>49,147</u> | <u>-</u> | <u>49,147</u> |
| Amortisation | | | | |
| At 1 January 2020 & 31 December 2020 | <u>-</u> | <u>49,147</u> | <u>-</u> | <u>49,147</u> |
| Net book values | | | | |
| At 31 December 2020 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 December 2019 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

11 Property, plant and equipment

| | Fixtures and fittings | Computer equipment | Total |
|------------------------|----------------------------------|-------------------------------|----------------|
| | £ | £ | £ |
| 11.1 Group | | | |
| Cost | | | |
| At 1 January 2020 | 2,171 | 198,073 | 200,244 |
| Additions | - | 51,512 | 51,512 |
| At 31 December 2020 | <u>2,171</u> | <u>249,585</u> | <u>251,756</u> |
| Depreciation | | | |
| At 1 January 2020 | 1,654 | 97,972 | 99,626 |
| Charge for the year | 311 | 69,906 | 70,217 |
| At 31 December 2020 | <u>1,965</u> | <u>167,878</u> | <u>169,843</u> |
| Net book values | | | |
| At 31 December 2020 | <u>206</u> | <u>81,707</u> | <u>81,913</u> |
| At 31 December 2019 | <u>517</u> | <u>100,101</u> | <u>100,618</u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

12 Fixed Asset Investment - Company

| 12.1 Cost | 2020 | 2019 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Shares in group undertakings | 71,000 | 71,000 |
| Loans to group undertakings | 22,626,542 | 16,964,518 |
| | <u>22,697,542</u> | <u>17,035,518</u> |

| | Shares in group undertakings | Loans to group undertakings | Total |
|------------------------|---------------------------------|--------------------------------|-------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2020 | 71,000 | 16,964,518 | 17,035,518 |
| Additions | - | 5,662,024 | 5,662,024 |
| At 31 December 2020 | <u>71,000</u> | <u>22,626,542</u> | <u>22,697,542</u> |
| Carrying amount | | | |
| At 31 December 2020 | <u>71,000</u> | <u>22,626,542</u> | <u>22,697,542</u> |
| At 31 December 2019 | <u>71,000</u> | <u>16,964,518</u> | <u>17,035,518</u> |

12.2 At 31 December 2020 the company held more than 20% of the equity of the following:

| Name of Company | Registered office | Country of incorporation | Shares Held Class | Proportion of Shares Held | Nature of Business |
|------------------------|--|---------------------------------|--------------------------|----------------------------------|---------------------------|
| Snap Finance Limited | 1 Vincent Avenue Crownhill Milton Keynes England MK8 0AB | UK | Ordinary | 100% | loan finance |

All subsidiaries have been included in the consolidated accounts.

| 13 Trade and other receivables | Group | | Company | |
|---------------------------------------|-------------------|------------------|----------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Trade debtors | 10,862,545 | 7,779,341 | - | - |
| Other receivables | 5,639 | 26,198 | 100 | 100 |
| Prepayments and accrued income | 151,476 | 140,246 | - | - |
| | <u>11,019,660</u> | <u>7,945,785</u> | <u>100</u> | <u>100</u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

| 14 Current liabilities | Group | | Company | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Other taxation and social security | 27,654 | 14,414 | - | - |
| Other payables | 428,158 | 419,838 | 428,158 | 419,838 |
| Accruals and deferred income | 1,351,864 | 1,150,782 | - | - |
| Amounts due to parent undertakings | 22,800,315 | 17,241,442 | 22,800,315 | 17,241,441 |
| | <u>24,607,991</u> | <u>18,826,476</u> | <u>23,228,473</u> | <u>17,661,279</u> |

Amounts due to parent undertakings are unsecured, bear interest at 5% and are repayable on demand.

15 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2020 | 2019 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Operating leases which expire: | | |
| Within one year | 19,068 | 84,202 |
| | <u>19,068</u> | <u>84,202</u> |

16 Share capital

Allotted, issued and fully paid

9,000 (2019: 9,000) Ordinary A Shares of £0.01p each
1,000 (2019: 1,000) Ordinary B Shares of £0.01p each

| 2020 | 2019 |
|------------|------------|
| £ | £ |
| 90 | 90 |
| 10 | 10 |
| <u>100</u> | <u>100</u> |

17 Financial Instruments

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £ | £ |
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | <u>10,943,184</u> | <u>7,805,539</u> |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | <u>23,597,643</u> | <u>18,072,841</u> |

SNAP FINANCE UK (GROUP) LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

18 Reserves

Retained earnings - Group

The retained earnings reserve represents both the company and the subsidiaries' relevant proportion of cumulative profits and losses, net of the parent company's dividends paid and other adjustments where applicable.

Retained earnings - Company

The retained earnings reserve represents cumulative profits and losses, net of dividends paid and other adjustments where applicable.

19 Controlling party

The ultimate parent company is Snap Finance Holdings LLC and its registered office is 1193 West 2400 South Salt Lake City, UT 84119 United States.

20 Related party transactions

Included within other creditors at the balance sheet date, is an amount owed of £428,158 (2019: £419,838) to M L Hawkins, a director of the company, in respect of a loan. Interest charged in the year was £19,469 (2019: £19,290)

At the balance sheet date, the company was owed £22,800,316 (2019: £17,241,441) to Snap Finance Holdings LLC in respect of a loan. Interest charged in the year was £923,462 (2019: £522,456)

The company has taken advantage of the exemption available in accordance with Section 33.1A of Financial Reporting Standard 102 whereby it has not disclosed transactions entered into between two or more members of a group as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

21 Retirement benefit scheme

The group operates a define contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in independently administered fund.

The charge to the income statement in respect of defined contribution schemes was £41,333 (2019: £28,518) of which £27,654 (2019: £14,413) was unpaid at the statement of financial position date.

22 Events after the reporting date

On 7 September 2021, the company issued 300 Ordinary B shares for £0.01 each.