Company number: 10878351

NSF Finco Limited

Report and financial statements
for the year ended 31 December 2022

COMPANY INFORMATION for the year ended 31 December 2022

Directors	Jonathan Gillespie Sarah Day Katrina Lu
Secretary	Sarah Day
Registered office	The Bothy, The Nostell Estate Yard, The Nostell Estate, Nostell, Wakefield, West Yorkshire, WF4 1AB.
Company registration number:	10878351 (England and Wales)
Statutory Auditor	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London United Kingdom, E14 4HD

STRATEGIC REPORT

General information

NSF Finco Limited is a limited company, limited by shares, incorporated and domiciled in England and Wales, in the United Kingdom. The address of the registered office is The Bothy, The Nostell Estate Yard, The Nostell Estate, Nostell, Wakefield, West Yorkshire, WF4 1AB.

Principal activities

The Company is a holding company and financing company, its principal activity is to obtain and provide finance for the Group, which comprises its immediate and ultimate parent companies and its subsidiaries. The principal activity of the Company's subsidiaries (refer to note 8 for a full list of the entities) is the provision of and servicing of secured and unsecured personal instalment loans.

For the year ended 31 December 2022 and up to 6 July 2023, the Company's ultimate parent was Non-Standard Finance plc. Non-Standard Finance plc's consolidated accounts are available and can be found on Companies House. Non-Standard Finance plc's registered office is The Bothy, The Nostell Estate Yard, The Nostell Estate, Nostell, Wakefield, West Yorkshire, WF4 1AB. On 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company, the Company has been transferred to Clareant Lending NewCo Limited owned by the Company's secured lenders. As a result, the ultimate controlling party has become Clareant Lending Holdco Limited.

Business review and year end position

During the year, the Company fully repaid its revolving loan facility in July 2022 and so there was £nil outstanding at 31 December 2022 (2021: £45.0m). The Company also reduced the gross debt owing on its term loan from £285m to £255m as at 31 December 2022 following a cash repayment from the Company totalling £20m and proceeds received from the administration of indirect subsidiary on 15 March 2022 (S.D. Taylor Limited) totalling £10m which were paid to the term lenders.

During the year ended 31 December 2022, the Company incurred financing costs of £28.2m (2021: £24.9m), the increase in financing costs were consistent with the higher interest rate environment in 2022.

During 2022, the Company's loan to value ('LTV') ratio was higher than the level permitted under its LTV covenant. The LTV covenant is not formally tested, and no covenant breach or event of default arises until the Company provides its compliance certificates for the quarter dates. Temporary waivers were provided by the Company's lenders in regards to this and on the 7 July 2023, this was permanently waived as part of the restructuring noted below.

On 22 June 2023, the scheme of arrangement proposed by the Company's indirect subsidiary Everyday Lending Limited was approved by the Court. Following this on 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company, the Company was transferred to Clareant Lending Newco Limited which is owned by the Company's existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility from August 2023 to June 2027, and provided £40m of additional committed funds.

Principal risks and uncertainties

The Company regards monitoring and controlling of risks as a fundamental part of the management process. Consequently, senior management are involved in the development of risk management policies and managing their application. The principal risks inherent in the Company's business are market, capital, interest rate and liquidity.

Refer to note 18 for details of the financial risk management and the exposure of the Company to market risk, interest rate risk, capital and liquidity risk.

Impact of the macroeconomic and regulatory environment

The macroeconomy and uncertain regulatory environment faced by the Company and its trading subsidiaries has continued to impact the Company's finance costs as well as impairment charges to the Company's investments (refer note 8 for further detail). The Company continues to consider the carrying value of its assets and liabilities in the Balance Sheet, and on the ability of the subsidiaries to repay the interest on the intercompany receivable as and when they become due.

Section 172(1) of the Companies Act 2006; Duty to promote the success of the Company

A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;
This means the directors are not just thinking about short-term needs and also considers carefully the likely impact of its decisions on the Company's long term prospects and value.

b) the interest of the Company's employees;
Our staff act as the interface with our customers and so are key to long-term success.

c) the need to foster the company's business relationships with suppliers, customers and others;
The Company draws upon the services and skills of a variety of different suppliers and other stakeholders to provide a quality service to its customers. Building and sustaining these relationships is an important factor for the Company's long-term success.

d) the impact of the company's operations on the community and the environment;
If the Company fails to respect how it affects communities, it may face significant challenges to its business from a variety of stakeholders including customers, regulators and government.

e) the desirability of the company maintaining a reputation for high standards of business conduct;
A company's reputation is hard won and easily lost – maintaining high standards through a strong and positive culture as well as good governance is vital for building and sustaining long-term value and

f) the need to act fairly as between members of the company;
The interests of all members are considered and treated fairly.

Engaging with our stakeholders

Stakeholder	Why we engage	Key issues	How we manage	Actions and outcomes
Regulators	Maintaining a regular and open relationship with regulators is key as the Company's indirect subsidiary Everyday Lending Limited is a regulated entity. Through our engagement we aim to respond promptly to questions and ensure the regulator remains well-informed about our own performance, market dynamics and how any existing or proposed regulatory changes may impact consumers and the workings of the non-standard finance market more generally.	• Engagement with the regulator in regards to regulated entities within the Group • Sustaining a positive business culture	• We engage at a more strategic level through periodic face-to-face meetings and by responding to relevant consultations, policy documents and research • We continue to keep regulatory bodies, including HM Treasury, fully informed regarding the Group's broader perspective and strategic plans	• Culture is monitored closely through a series of measures that are reviewed as part of a continuous assessment process • A 'three lines of defence' model is in place to identify, manage and address any potential regulatory risks • We also take note of other sector developments to ensure that any implications for our own business are assessed and any adjustments to processes and procedures made.

Employees	Our workforce is a key enabler in the execution of our business strategy and in the deployment of our business model.	• Career Development – enhancing our opportunities for career progression and development to enable growth and an ability to uphold the high standards we require • Leadership Capability – improving our Leadership capability at all levels to support their ability to lead and support the organisations growth and development • Recognition and reward – Introducing further initiatives to enhance our inclusive recognition and remuneration approaches.	• Annual engagement survey • Immersive cultural induction day for all new joiners • Structured training programme for all new joiners • Monthly all in days	• We continue to develop our learning and development proposition and measure the impact and value of any initiatives through the various feedback channels • Through live Q&A townhall sessions we investigate any new initiatives raised or investigate any concerns referenced in a timely manner • Continue to develop a hybrid approach to working patterns ensuring that we maintain face to face contact but also utilise digital methods such a virtual meetings, blogs, podcasts etc.
Partners and suppliers	Culturally, we are focused on ensuring we are professional at all times and want to establish a reputation as being a reliable customer with whom other firms can and want to do business.	• Maintaining an effective procurement process. • Ensuring that the quality of the services being supplied meets the standards expected. • Confirmation that suppliers are also fulfilling their broader obligations of good business practice including issues such as diversity, gender pay, modern slavery and anti-bribery and corruption.	• We have clear procurement policies with proper oversight over all material contracts. • We seek to maintain strong relationships through regular meetings and contact by phone. • For a limited number of services such as insurance, we can sometimes arrange supply on a Group-wide basis. Other key suppliers include professional service firms	• If a supplier falls short of the standards we expect or if there is a risk that continuing our relationship may compromise the Company's reputation or business prospects, then we will look to replace them with a comparable alternative, having already identified a number of these at the time of the original tender.
Lenders	Maintaining a regular and open relationship with our lenders is key. Through our engagement we aim to respond promptly to questions and ensure lenders remains well-informed about the business.	• Engagement with the lender • Sustaining a positive business culture	• We engage through periodic face-to-face meetings and virtual meetings	• We have weekly meetings with our lenders to ensure that all parties are kept well informed of the treasury position and business operations. This was especially relevant over the last year due to the loan to value covenants being above permitted levels as well as post year end in completion of the restructuring.

Environment	Environmental issues are becoming increasingly important for many of our key stakeholders including customers, staff, investors, HM Government, and society at large. This is demonstrated by the increase in mandatory reporting over the years, as well as the development of several global initiatives such as the Paris Agreement adopted in 2015, and the UK Government's strategy for decarbonising all sectors of the UK economy to meet their net zero target by 2050.	• Determining our impact on the environment as well as how climate change might create additional risks, as well as opportunities for the Company • Formulating a strategy to address and manage climate-related risks and opportunities, including identification of measurable KPIs, targets and milestones over the short, medium and long term • Use of energy and natural resources as well as the level of CO_2 and other emissions produced directly and indirectly	• We are keen to minimise any negative environmental impact that our activities might have on our planet, and actively seek to reduce our carbon footprint	• We are continuing to improve the quality of our emission data • We are committed to reporting the impact of climate change on our business in a transparent manner, and take responsibility for the actions required to make positive changes to reduce our impact on the environment • We are continuing to enhance our assessment and disclosure of climate-related risk and opportunities, to help drive climate-informed decision-making within our business strategy
Communities and charity	Our commitment to environmental, social and governance goals is built around our ability to give back focusing on supporting our colleagues and our communities	• Supporting new and existing communities. By helping communities thrive we believe our business will too. We strive to make a positive difference through the local colleagues we employ and the local causes we support. • Increasing the amount of support we give to our local communities whether that be through our time or our technical skills • Supporting preventative plans through education around money management	• In 2023 we have partnered with a third-party agency who will help us bring both our charity days and efforts giving back to local communities to the forefront of our business culture and proposition. As well as giving back to local communities, these charity days will be used as team building days within the business and encourage colleagues to network and make an impact together	• Our staff also take part in community-based events such as a tree-planting day. We held our second Stream Clean event in Bourne End, where colleagues at our Dukes Meadow office, including Director, Jono Gillespie, worked together in order to clear out rubbish from the waterways that run through the business park in which our offices are located • We also have collection points for local foodbanks in some of our office locations, and endeavour to donate any surplus food from staff events to a local organisation who is able to redistribute. • By helping communities thrive we believe our business will too and getting our teams to network and build relationships with each other whilst also giving back is something we aim to continue to push in 2023.

			• All colleagues in the Company are given three days per year to support a cause they are passionate about as well as our wider business aims of giving something back.	

Future developments
The Directors do not envisage any change to the principal activity of the Company in the foreseeable future.

Approved by the Board on 26 September 2023 and signed by the order of the Board.

Jonathan Gillespie
Director

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2022.

Results for the year

During the year, the Company's interest income from its subsidiaries was £16.3m (2021: £18.9m) for debt financing provided. External financing costs totalled £28.2m (2021: £24.9m) for the year. The Company does not operate to make profits but acts as a financing vehicle for the Group.

As at 31 December 2022 the Company had £255.0m (2021: £285.0m) fully drawn under the term loan facilities, having repaid £20m during the year and a further £10m being repaid from the proceeds of S.D. Taylor Limited administration (which is a guarantor under the loan facilities and was placed into administration on 15 March 2022). The company fully repaid its revolving credit facility in July 2022 such that the balance was £nil as at 31 December 2022 (2021: £45.0m). As at the year ended 31 December 2022 the term loan facility had a maturity date of 3 August 2023 at an annual interest rate of 7.25% plus credit adjustment spread and SONIA, with interest payable every six months. On 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company, the Company was transferred to Clareant Lending Newco Limited which is owned by the Company's existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility to 3 June 2027, and provided £40m of additional committed funds.

The Company has recognised an impairment charge to its investment of £9.7m (2021: £22.1m). Refer to note 8 for further detail.

For the year ended 31 December 2022 and up to 6 July 2023, the Company's ultimate parent was Non-Standard Finance plc. Non-Standard Finance plc's consolidated accounts are available and can be found on Companies House. Non-Standard Finance plc's registered office is The Bothy, The Nostell Estate Yard, The Nostell Estate, Nostell, Wakefield, West Yorkshire, WF4 1AB. On 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company, the Company has been transferred to Clareant Lending NewCo Limited owned by the Company's secured lenders. As a result, the ultimate controlling party has become Clareant Lending Holdco Limited.

Directors

The directors who held office during the period and up to the date of signing the financial statements are given below:

Jonathan Gillespie
Sarah Day
Katrina Lu

Directors' indemnities

Under article 135 of the Company's Articles of Association, the Company has qualifying third party indemnity provisions, in accordance with section 234 of the Companies Act 2006, for the benefit of its Directors and former Directors. No indemnities were provided and no payments were made during the year. There were no other qualifying indemnities in place during the year. The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors.

Dividends

No dividends were proposed by the Company as at 31 December 2022 (2021: £nil).

Post-balance sheet events

Refer note 19 to the financial statements.

Going concern

In adopting the going concern assumption in preparing the financial statements, the Directors have considered the activities of the Company and that of its parent and subsidiary companies within the Group. As the Company's principal activity is to obtain and provide financing for the Group, the Company's base case is highly dependent on that of the Group. The Company holds the external debt facilities in the form of term loan facility which in turn, has the benefit of guarantees from the Company. Given the Company is a guarantor under the Group's external financing facilities, its going concern status is directly impacted by the ultimate going concern position of the Group and therefore whilst the assessment for the purposes of these financial statements reflects that of the Company, consideration has also been made in regards to that of the Group in order to reach a conclusion on going concern. As part of the going concern assessment, the Directors have considered the Group's forecasts for the five year period to 2027. Their assessment included consideration of principal risks and uncertainties as well as the future liquidity of the Company. On 22 June 2023, the scheme of arrangement proposed by the Company's indirect subsidiary Everyday Lending Limited was approved by the Court. Following this on 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company, the Company was transferred to Clareant Lending Newco Limited which is owned by the Company's existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility to 3 June 2027, and provided £40 million of additional liquidity.

The certainty provided by the scheme of arrangement approval and subsequent restructuring means the Directors no longer believe a material uncertainty exists in regards to the going concern position of the Company. The Directors have reviewed sensitivities to its forecasts in order to gain further comfort and note that under a downside scenario where the Company is restricted in cash and/or unable to raise additional funding beyond the £40m committed facility (noted above), the Group has the ability to reduce its lending and costs to ensure it remains in a positive liquidity position throughout the going concern period such that it can meet its liabilities as and when they fall due.

The Directors will continue to monitor the Company's risk management and internal control systems. Refer to note 18 of the financial statements for further information in regards to the risks associated with the Company's financial instruments.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Appointment of Auditor

The Company's auditor is PKF Littlejohn LLP and have conducted the external audit since 19 July 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

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

Approved by the Board on 26 September 2023 and signed by the order of the Board.

Jonathan Gillespie
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSF FINCO LIMITED

Opinion

We have audited the financial statements of NSF Finco Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- *give a true and fair view of the state of the company's affairs* as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 director's 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 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 responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, review of board minutes and performing walkthroughs of relevant controls.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006 and tax regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
    - Enquiries of management; and
    - Review of minutes

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias in relation to the impairment of investments.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business, preliminary and final analytical review to identify any unusual or unexpected variances or relationships.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.[1] 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.

M Ling

Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

26 September 2023

Statement of Comprehensive Income for the year ended 31 December 2022

	Note	**Year ended 31 December 2022 £000**	Year ended 31 December 2021 £000
Interest income	2	**16,291**	18,871
Income from fixed asset investment		**-**	-
Total revenue		**16,291**	18,871
Finance costs	5	**(28,170)**	(24,902)
Impairment of investment	8	**(9,726)**	(22,126)
Impairment of intercompany loans	10	**(39,757)**	(8,240)
Professional fees		**(529)**	(888)
Exceptional costs	7	**-**	(1,580)
Loss before tax		**(61,891)**	(38,865)
Tax credit/(expense)	6	**-**	-
Loss for the period		**(61,891)**	(38,865)
Total comprehensive loss for the period		**(61,891)**	(38,865)

There have been no discontinued activities in the period.

The notes on page 11 to 22 form part of these financial statements.

Statement of Financial Position as at 31 December 2022

	Note	**31 December 2022 £000**	31 December 2021 £000
Non-current assets			
Investment	8	**-**	9,726
Other assets	12	**-**	-
Total non-current assets		**-**	9,726
Current assets			
Trade and other receivables	10	**493**	224
Intercompany receivables	10	**139,071**	177,865
Cash and cash equivalents	11	**26,943**	101,804
Total current assets		**166,507**	279,893
Current liabilities			
Trade and other payables	13	**(10,445)**	(246)
Loans and borrowings	14	**(262,155)**	(49,813)
Total current liabilities		**(272,600)**	(50,059)
Non-current liabilities			
Loans and borrowings	14	**-**	(283,762)
Total non-current liabilities		**-**	(283,762)
Net liabilities		**(106,093)**	(44,202)
Equity			
Share capital	15	**2,122**	2,122
Retained earnings		**(108,215)**	(46,324)
		(106,093)	(44,202)

The notes on page 11 to 22 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 26 September 2023

Signed on behalf of the Board of Directors

Jonathan Gillespie
Director

Company number – 10878351

Statement of Changes in Equity for the year ended 31 December 2022

	Note	Share capital	Retained earnings	Total equity
		£000	£000	£000
At 31 December 2020		2,122	(7,459)	(5,337)
Total comprehensive loss for the period		-	(38,865)	(38,865)
Transactions with owners, *recorded directly in equity:*				
Dividends paid		-	-	-
At 31 December 2021		2,122	(46,324)	(44,202)
Total comprehensive loss for the period		-	(61,891)	(61,891)
Transactions with owners, recorded directly in equity:				
Dividends paid		-	-	-
At 31 December 2022		**2,122**	**(108,215)**	**(106,093)**

Dividends paid during the period total £nil (2021: £nil) per ordinary share.

Statement of Cash Flows for the year ended 31 December 2022

	Note	**Year ended 31 December 2022 £000**	Year ended 31 December 2021 £000
Net cash from operating activities	16	**14,623**	79,475
Net cash from investing activities			
Dividend income		-	-
Net cash from investing activities		-	-
Cash flows from financing activities			
Finance cost	5	**(24,484)**	(24,902)
Dividends paid		-	-
Repayment of loans and borrowings		**(65,000)**	-
Net cash from/(used in) financing activities		**(89,484)**	(24,902)
Net increase in cash and cash equivalents		**(74,861)**	54,573
Cash and cash equivalents at beginning of period		**101,804**	47,231
Cash and cash equivalents at end of period		**26,943**	101,804

As at 31 December 2022 the Company had cash of £26.9m (2021: £101.8m) with gross debt of £255.0m (2021: £330.0m).

The notes on page 11 to 22 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

As part of a listed Group, the Company elected to prepare its financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company is exempt from the obligation to prepare group accounts in line with section 400 of the Companies Act 2006. The Company was a wholly-owned subsidiary undertaking of Non-Standard Finance plc, which is established under the law of UK and prepares Group financial statements.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Going concern

In adopting the going concern assumption in preparing the financial statements, the Directors have considered the activities of the Company and that of its parent and subsidiary companies within the Group. As the Company's principal activity is to obtain and provide financing for the Group, the Company's base case is highly dependent on that of the Group. The Company holds the external debt facilities in the form of term loan facility which in turn, has the benefit of guarantees from the Company. Given the Company is a guarantor under the Group's external financing facilities, its going concern status is directly impacted by the ultimate going concern position of the Group and therefore whilst the assessment for the purposes of these financial statements reflects that of the Company, consideration has also been made in regards to that of the Group in order to reach a conclusion on going concern. As part of the going concern assessment, the Directors have considered the Group's forecasts for the five year period to 2027. Their assessment included consideration of principal risks and uncertainties as well as the future liquidity of the Company. On 22 June 2023, the scheme of arrangement proposed by the Company's indirect subsidiary Everyday Lending Limited was approved by the Court. Following this on 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in the Company, the Company was transferred to Clareant Lending Newco Limited which is owned by the Company's existing secured lenders. In exchange for this, the secured lenders released £70 million of their secured debt, capitalised deferred and accrued interest due to 7 July 2023, extended the term of the existing term loan facility to 3 June 2027, and provided £40 million of additional liquidity.

The certainty provided by the scheme of arrangement approval and subsequent restructuring means the Directors no longer believe a material uncertainty exists in regards to the going concern position of the Company. The Directors have reviewed sensitivities to its forecasts in order to gain further comfort and note that under a downside scenario where the Company is restricted in cash and/or unable to raise additional funding beyond the £40m committed facility (noted above), the Group has the ability to reduce its lending and costs to ensure it remains in a positive liquidity position throughout the going concern period such that it can meet its liabilities as and when they fall due.

The Directors will continue to monitor the Company's risk management and internal control systems.

Changes in accounting policies and disclosures

New and amended Standards and Interpretations issued but not effective for the financial year ending 31 December 2022.

There are no other new IFRSs or International Financial Reporting Interpretations that are effective for the first time for the year ended 31 December 2022 which have a material impact on the Company.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective (effective 1 January 2023): Amendments to IAS 1, Presentation of financial statements on classification of liabilities; IFRS 17, Insurance contracts; Amendments to IAS 8, Definition of accounting estimates; Amendments to IAS 12, Deferred tax relating to assets and liabilities from a single transaction, and IFRS Practice statement 2, disclosure of accounting policy.

Management will continue to assess the impact of new and amended standards and interpretations on an ongoing basis.

Revenue recognition
Interest income is recognised in the statement of comprehensive income for all loans and receivables measured at amortised cost using the effective interest rate ('EIR') method. The EIR is the rate that exactly discounts estimated future cash flows of financial instruments through their expected life, or where appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Finance costs
Finance costs comprise the interest expense on external borrowings which are recognised in the income statement in the period in which they are incurred and the funding arrangement fees which were prepaid and are being amortised to the income statement over the length of the funding arrangement. Finance costs includes interest income from the bank.

Taxation
The tax expense represents the sum of the tax currently payable and any deferred tax.
The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year-end date.

Investments
Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial instruments
Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

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

- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change. These assets are accounted for at fair value through other comprehensive income (FVOCI).

- Hold to sell: the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation. These assets are held at fair value through profit or loss (FVTPL). An entity may also designate assets at FVTPL upon initial recognition where it reduces an accounting mismatch. An entity may elect to measure certain holdings of equity instruments at FVOCI, which would otherwise have been measured at FVTPL.

The Company has assessed its business model in order to determine the appropriate IFRS 9 classification for its financial assets.

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

Intercompany receivables for the Company which fall under the scope of IFRS 9 are assessed for impairment on an annual basis. This assessment involves an analysis of the ability of the entity to repay amounts owed as at the end of the reporting period and includes the consideration of the probability of default, loss given default and exposure at default. IFRS 9 requires ECL to always reflect both the possibility that a loss occurs and the possibility that no loss occurs, even if the most likely outcome is no credit loss.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss recognised in other comprehensive income is recognised in profit or loss.

The Company does not use hedge accounting.

Trade and other receivables
Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the EIR method.

Derivative financial assets
Derivatives are initially recognised at their fair value on the date a derivative contract is entered into and are subsequently re-measured at each reporting date to their fair value. The Company measures fair value in accordance with IFRS 13, which defines fair value as the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

The Company does not apply hedge accounting and therefore movements in the fair value are recognised immediately within the statement of comprehensive income.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank.

Financial liabilities and equity
Financial liabilities and equity instruments issued are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Borrowings
Borrowings are recognised initially at fair value, being issue proceeds less any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds less transaction costs and the redemption value is recognised in the income statement over the expected life of the borrowings using the effective interest rate. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least

12 months after the balance sheet date.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the EIR method.

EIR method
The EIR method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Critical accounting judgements and key sources of estimation uncertainty

Impairment of investment in subsidiaries
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. In addition to the objective evidence of impairment described, significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether an investment is impaired.

Going concern
Assumptions made in the base case and downside scenario as part of the Group's going concern assessment form a significant judgement of the Directors in the context of approving the Company's going concern status. Refer note 1 of the financial statements for further detail.

Intercompany receivables
The Company assesses its intercompany receivables for expected credit losses ("ECL") at each balance sheet date. In estimating ECL, the Company has considered qualitative indicators of default (in addition failure to pay) which includes the ability of the subsidiary to refinance the loan with a third party, adverse changes to the subsidiary's initial business plans since granting the loan and the overall viability of the subsidiary's operations. The Company's estimate of ECL reflects an unbiased and probability-weighted amount, determined by evaluating a range of possible outcomes rather than based on a best- or worst-case scenario (the Company is not required to identify every possible scenario, but the estimate always reflects at least two scenarios: the probability that a credit loss occurs, even if this probability is very low; and the probability that no credit loss occurs). The below is therefore a key estimation that the Directors have used in the process of applying the Company's recognition of ECL policy:

- Various scenarios to which a specific probability of occurrence has been used. These scenarios include a positive, base, downside and severe downside case.

A sensitivity analysis of the key source of estimation uncertainty has been provided in note 10 to the financial statements.

The Company has made no other material accounting judgements or key sources of estimation uncertainty in the preparation of the financial statements for the period ended 31 December 2022.

2. Revenue

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Interest income	**16,291**	18,871
Total revenue	**16,291**	18,871

3. Directors' remuneration

The company has three Directors and no staff (2021: three Directors and no staff).

No Director received remuneration during the financial period ending 31 December 2022 (2021: £nil). The Directors of the Company were remunerated by the ultimate parent undertaking, Non-Standard Finance plc, for their services.

4. Auditors remuneration

Auditor's remuneration for the 2022 audit: £58,750 (2021: £12,000) of the Company financial statements, is borne by the Company's ultimate parent entity Non-Standard Finance plc.

No other remuneration has been paid to the auditors in relation to non-audit services (2021: £nil).

5. Finance cost

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Bank charges and interest payable	**(28,273)**	(24,908)
Bank interest received	**103**	6
Finance cost	**(28,170)**	(24,902)

6. Taxation

As at the year end the Company has continued to not recognise a deferred tax asset on its losses, resulting in a total £5.3m unrecognised deferred tax asset (2021: £2.3m deferred tax asset not recognised).

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Current tax credit		
Corporation tax credit	-	-
Total current tax credit	-	-
Deferred tax charge[1]	-	-
Total tax credit	-	-

1 Unrecognised deferred tax assets arising from tax losses in the year were £2.3m (2021: 1.4m).

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Loss before taxation	**(61,891)**	(38,865)
Tax on loss on ordinary activities at standard rate of UK corporation tax of 19%:	**11,759**	7,385
Effects of:		
Non-deductible expenses/taxable income	**(9,423)**	(6,070)
Deferred tax assets not recognised	**(2,336)**	(1,315)
Total tax credit	**-**	-

The Finance Act 2021 increased the UK corporation tax rate from 19.0% to 25.0% with effect from 1 April 2023. While this change does not affect the current tax position for the year, it will affect future periods.

7. Exceptional costs

Exceptional items during the current year were £nil (2021: £1.6m advisory fees incurred in relation to aborted equity raise).

8. Investment in subsidiaries

	2022	2021
	£000	£000
Gross investment in subsidiaries	**212,223**	212,223
Accumulated impairment	**(202,497)**	(180,371)
Current year impairment charge	**(9,726)**	(22,126)
Net investment carrying amount	**-**	9,726

The Company tests the carrying value of its net investment in subsidiaries annually for impairment or more frequently if there are indications that the investment might be impaired. Determining whether an investment is impaired requires an estimation of the recoverable amount of each subsidiary. In line with IAS 36, the recoverable amount is the higher of its VIU or its fair value less cost to sell.

During the year ended 31 December 2022, the Company recognised a £9.7m (2021: £22.1m) impairment loss in its investment in subsidiaries. This impairment loss was determined by reference to the recoverable amounts of all CGUs of the Non-Standard Finance Group (of which the Company is a subsidiary), with the total recoverable amount compared against the carrying amount of the Company's investment in NSF Subsidiary II Limited and NSF Subsidiary III Limited. This approach is considered reasonable since the Group structure means that the CGUs tested for impairment comprise the principal trading subsidiaries of the Company.

The impairment losses recognised continue to be as a result of the increased uncertainty in the macroeconomic and regulatory environment. In addition the Company's indirect subsidiary S.D. Taylor Limited was placed into administration on 15 March 2022.

For the current year ended 31 December 2022, the Company has assessed the carrying value of the investments against the net asset value of the underlying cash generating units ('CGU') and their recoverable amounts. The calculation to determine the FV less cost to sell for investments uses actual and forecast earnings and carrying values as at 31 December 2022, 2023 and 2024 multiplied by the 31 December 2022 actual and 2023-2024 forecast PE and PB multiples for comparable companies. Earnings represents profit after tax. Disposal costs have been estimated at 2%. The VIU calculations use cash flows derived from earnings projections for the years ended 31 December 2023 to 2027, together with a terminal value based on the cash flow forecast at the end of the relevant forecast period at a perpetuity growth rate. The resulting cash flow forecasts are then discounted at a discount rate appropriate to the CGU to produce a VIU to the Company. The Directors have estimated the discount rate using rates that reflect current market assessments of the time value of money and the risks specific to the market. The Company noted the net asset value of the CGU and its recoverable value remained below carrying amount of the investment and therefore additional impairment was recognised of £9.7m (2021: £22.1m).

Details of the Company's subsidiaries which are included in the group consolidation, at the ultimate controlling party level, Non-Standard Finance plc, are as follows:

Name of company	Principal place of business and country of incorporation	Nature of business	% voting rights and shares held
Non-Standard Finance Subsidiary II Limited	The Bothy, The Nostell Estate Yard, The Nostell Estate, Nostell, Wakefield, West Yorkshire, WF4 1AB.	Holding company	100% of Ordinary Shares
Non-Standard Finance Subsidiary III Limited	As above	Holding company	100% of Ordinary Shares
SD Taylor Limited	11th Floor Landmark St	Provision of	100% of Ordinary

(Loans at Home)**	Peter's Square, 1 Oxford St, Manchester, M1 4PB	consumer credit	Shares
Loans at Home Limited**	As above	Dormant	100% of Ordinary Shares
Everyday Loans Holdings Limited*	1st Floor North 2 Dukes Meadow Bourne End Buckinghamshire SL8 5XF	Holding company	100% of Ordinary Shares
Everyday Loans Limited*	As above	Provision and servicing of secured and unsecured personal instalment loans	100% of Ordinary Shares
Everyday Lending Limited*	As above	Provision of secured and unsecured personal instalment loans	100% of Ordinary Shares
George Banco Limited*	Epsom Court 1st Floor, Epsom Road, White Horse Business Park, Trowbridge, BA14 0XF, United Kingdom	Holding company	100% of Ordinary Shares
George Banco.Com Limited*	As above	Holds legal title to bank account in its name on behalf of Everyday Lending Limited	100% of Ordinary Shares

*held indirectly by the Company.
** S.D. Taylor Limited was placed into administration on 15 March 2022 and so was derecognised from the Group at the date of administration.

Non-Standard Finance Subsidiary II Limited made £nil profit/losses for the year ended 31 December 2022 (2021: loss of £19.7m). Non-Standard Finance Subsidiary III Limited made a loss for the year ended 31 December 2022 of £9.7 (2021: loss for the year £2.4m).

9. Financial instruments

The table below sets out the carrying value of the Company's financial assets and liabilities in accordance with the categories of financial instruments set out in IFRS 9 as at 31 December 2022. Assets and liabilities outside the scope of IFRS 9 are shown within non-financial assets/liabilities:

At 31 December	FVT P&L assets/liabilities £000	Amortised cost £000	Non-financial assets/liabilities £000	**2022 Total** £000
Assets				
Cash and cash equivalents	-	26,943	-	**26,943**
Intercompany receivables	-	139,071	-	**139,071**
Current tax asset	-	-	-	**-**
Trade and other receivables	-	493	-	**493**
Investments	-	-	-	**-**
Total assets		**166,507**	**-**	**166,507**
Liabilities				
Loans and borrowings	-	262,155	-	**262,155**
Other liabilities	-	10,445	-	**10,445**
Total liabilities		**272,600**	**-**	**272,600**

At 31 December	FVT P&L assets/liabilities £000	Amortised cost £000	Non-financial assets/liabilities £000	**2021 Total** £000
Assets				
Cash and cash equivalents	-	101,804	-	**101,804**
Intercompany receivables	-	177,865		**177,865**
Current tax asset	-	-	118	**118**
Trade and other receivables	-	106	-	**106**
Investments	-	-	9,726	**9,726**
Total assets		**279,775**	**9,844**	**289,619**
Liabilities				
Loans and borrowings	-	333,575	-	**333,575**
Other liabilities	-	-	246	**246**
Total liabilities		**333,575**	**246**	**333,821**

10. Trade and other receivables and intercompany receivables

	2022 **£000**	2021 £000
Other debtors	**493**	224
Amounts owed from subsidiaries	**139,071**	177,865
	139,564	178,089

Amounts owed from subsidiaries comprise £139.1m (2021: £177.9m) owed from Everyday Lending Limited in relation to intercompany financing.

These amounts are interest bearing and repayable on demand.

There are no amounts included in trade and other receivables which are past due but not impaired. The carrying value of trade and receivables is not materially different to the fair value.

An impairment charge of £39.8m (2021: £8.2m) was recognised during the year in relation to amounts owed from subsidiaries.

As at 31 December 2022, a loan loss provision totalling £58.2m (2021: £18.5m) has been recognised against gross intercompany loan balances of £197.3m (2021: £196.3m) in the current year, comprising of £139.1m in stage 1, £41.1m in stage 2 and £17.1m in stage 3 (2021: £nil in stage 1, £2.6m in stage 2 and £15.9m in stage 3). The increase in the loan loss provision in the current year is primarily in relation to additional impairments recognised in relation to the ongoing uncertainty related to the macroeconomic and regulatory environment at year end in relation to Everyday Lending Limited, the receivable owed by Non-Standard Finance Subsidiary II Limited which is the immediate parent of S.D. Taylor Limited (which went into administration on 15 March 2022), and the receivable owed by Non-Standard Finance Subsidiary III Limited.

11. Cash and cash equivalents

	2022 **£000**	2021 £000
Cash at bank and in hand	**26,943**	101,804

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

12. Derivative asset

The Company did not enter into any hedging arrangements during the year ended 31 December 2022.

The Company cancelled its interest rate cap on 30 November 2021 at £nil cost in the prior year ended 31 December 2021.

13. Trade and other payables

	2022 **£000**	2021 £000
Accruals and other liabilities	**10,445**	5,059
	10,445	5,059

The carrying value of trade and other payables is not materially different to the fair value.

14. Loans and borrowings

	2022 **£000**	2021 £000
Due within one year[1]	**262,155**	49,813*
Due in more than one year[1]	**-**	283,762*

[1]Amounts disclosed are net of capitalised transaction fees and include interest accrued.
** £45m relating to the RCF has been reclassified from non-current to current.*

The Company's total gross debt facilities as at 31 December 2022 comprised a £255.0m term loan provided by institutional investors (2021: £285m).

The Company fully repaid its revolving loan facility in July 2022 and so there was £nil outstanding at 31 December 2022 (2021: £45.0m).

As at 31 December 2022, the term loan facility maturity date was 3 August 2023. As part of the restructuring which occurred on 7 July 2023, the maturity date was extended to 3 June 2027, see note 19 for further detail.

During 2022, the Company's loan to value ('LTV') ratio was higher than the level permitted under its LTV covenant. The LTV covenant is not formally tested, and no covenant breach or event of default arises until the Company provides its compliance certificates for the quarter dates. Temporary waivers were provided by the Company's lenders in regards to this and on the 7 July 2023, this was permanently waived as part of the restructuring, see note 19 for further detail.

Maturity analysis of amounts due on external borrowings	**At 31 Dec 2022** **£000**	At 31 Dec 2021 £000
Not later than one year	**271,654**	67,372
Later than one year and not later than five years	**-**	297,646
Later than five years	**-**	-
	271,654	365,018

Amounts due on external borrowings excludes the amortisation of debt transaction costs and includes the interest and principal amounts due in on maturity of the term loan in future periods.

Borrowings are recognised initially at fair value and subsequently at amortised cost. The carrying value of other payables due in more than one year is not materially different to the fair value. The facility arrangements have the benefit of (i) guarantees from, and fixed and floating security granted by, the following entities: NSF Finco Limited, Non-Standard Finance Subsidiary II Limited, Non-Standard Finance Subsidiary III Limited, S.D. Taylor Limited, Everyday Loans Holdings Limited, Everyday Loans Limited, Everyday Lending Limited, George Banco Limited, George Banco.com Limited.

15. Share capital

All shares in issue are Ordinary 'A' Shares consisting of £1 per share. All shares are fully paid up.

The Company's share capital is denominated in Sterling. The Ordinary Shares rank in full for all dividends or other distributions, made or paid on the Ordinary Share capital of the Company.

	Total £000
Balance at 31 December 2021	2,122
Issue	-
Balance at 31 December 2022	**2,122**

16. Net cash used in operating activities

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Loss before tax	**(61,891)**	(38,865)
Finance costs	**28,170**	24,902
Impairment of intercompany receivables	**39,757**	8,240
Impairment of investments	**9,726**	22,126
(Increase)/Decrease in receivables	**(1,338)**	60,791
Increase/(Decrease) in payables	**199**	2,280
Cash from/(used) in operating activities	**14,623**	79,475

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

		Cash changes		**Non-cash changes**		
	1 Jan 2022 £'000	**Financing cash flows £'000**	**Reduction in debt from S.D. Taylor Administration* £'000**	**Amortised fees £'000**	**Interest charge £'000**	**31 Dec 2022 £'000**
Total borrowings	333,575	(65,000)	(10,000)	2,175	1,405	**262,155**
Total	333,575	(65,000)	(10,000)	2,175	1,405	**262,155**

		Cash changes	**Non-cash changes**		
	1 Jan 2021 £'000	**Financing cash flows £'000**	**Amortised fees £'000**	**Interest charge £'000**	**31 Dec 2021 £'000**
Total borrowings	331,520	-	2,175	(120)	**333,575**
Total	331,520	-	2,175	(120)	**333,575**

* S.D. Taylor Limited was placed into administration on 15 March 2022. As a guarantor under the financing facilities (refer note 14), the proceeds from the administration have been paid directly to the secured term loan lenders, thereby reducing the external debt balance. Per the financing agreements, this has given rise to an obligation on the Company to repay the amount to the S.D. Taylor Limited administration which is reflected within the liability balance at note 13.This liability was subsequently waived by the administrators post year-end, refer note 19 for further detail.

17. Related party transactions
The Company received dividend income of £nil (2021: £nil) from its subsidiary undertakings during the period and declared and paid dividends of £nil (2021: £nil) to its parent undertaking during the period. During the year, the Company made a payment of £0.96m (2021: £2.6m) to Non-Standard Finance plc on behalf of its subsidiary Non-Standard Finance Subsidiary II Limited in part repayment of Non-Standard Finance Subsidiary II Limited's liability with Non-Standard Finance plc. The Company also made a payment of £1.6m (2021: £nil) to Non-Standard Finance plc on behalf of its subsidiary Non-Standard Finance Subsidiary III Limited in part repayment of Non-Standard Finance Subsidiary III Limited's liability with Non-Standard Finance plc.

During the year, the Company earned interest income of £16.3m (2021: £18.9m) from its trading subsidiaries Everyday Lending Limited and S.D. Taylor Limited (up to date of administration 15 March 2022).

The Company has a net receivable from Non-Standard Finance Subsidiary II Limited of £nil (fully impaired at year end) (2021: £nil)), SD Taylor Limited totalling of £nil (fully impaired at year end) (2021: £nil), a net receivable from Non-Standard Finance Subsidiary III Limited of £nil (fully impaired at year end) (2021: £nil)), and a net receivable with Everyday Lending Limited of £139.1m (2021: £177.9m).

18. Financial instruments
The Company's operations expose it to market risk, interest rate risk and liquidity risk.

Market risk
Market risk is the risk of loss due to adverse market movements caused by active trading positions taken in interest rates, foreign exchange markets, bonds and equities. The Company does not undertake position taking or trading books of this type and therefore market risk is not a concern.

Capital risk management
The capital structure of the Company consists of equity (comprising of issued capital, reserves, and retained earnings). The Company is not subject to any externally imposed capital requirements.

Interest rate risk
The Company has an exposure to interest rate risk arising on changes in interest rates which leads to an increase in the Company's cost of borrowing. The Company monitors interest rates but has not chosen to hedge this item given the much greater effective interest on financial assets as compared to the EIR on financial liabilities.

The Company is exposed to movements in SONIA rates on its external borrowings. A 1% increase/decrease in the interest rate applied to financial liabilities during 2022 would not have had a material impact on the Company's result for the year.

There is minimal interest rate risk on financial assets including amounts receivable from customers as interest rates are fixed.

Liquidity risk
This is the risk that the Company has insufficient resources to fund its existing business and its future plans for growth. Cash and covenant forecasting is conducted on a monthly basis as part of the regular management reporting exercise. The Company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

Credit risk
Risk of losses in relation to intercompany receivables held with its subsidiaries resulting in the inability of the entities to make repayments when demanded.

19. Subsequent events

On 7 February 2023, the S.D. Taylor administrators repaid a further £3m and on 15 May 2023 a further £1.5m to the Company's secured lenders, thereby reducing the Company's gross loans and borrowings to £250.5m. In June 2023, in light of S.D. Taylor Limited separately owing an intercompany balance to the Company pursuant to an unsecured intercompany loan agreement and, due to the material uncertainty of recovery of the outstanding counter-indemnity claim arising from the repayments, the total amount paid to date of £14.5m was waived and released by the administrators.

The Directors of Everyday Lending Limited (an indirect subsidiary of the Company), decided to pursue a scheme of arrangement to address its redress liabilities. The scheme of arrangement was sanctioned by the Court on 22 June 2023.

On 7 July 2023, following the appointment of fixed charge receivers in respect of the shares in NSF Finco Limited, the Company has been transferred to Clareant Lending NewCo Limited owned by the Company's secured lenders. As a result, the ultimate controlling party has become Clareant Lending Holdco Limited. In exchange for this, the secured lenders have released £70 m of their secured debt (via a novation of this debt to ultimate parent company Clareant Lending Holdco Limited), capitalised deferred and accrued interest due to 7 July 2023, and provided £40 million of additional committed funds. As at 23 August 2023, £31m of funds has been drawn from this facility. As part of the restructure, the Company also made available a limited recourse facility up to £0.5m for the purpose of facilitating the orderly and solvent wind-down of Non-Standard Finance plc.