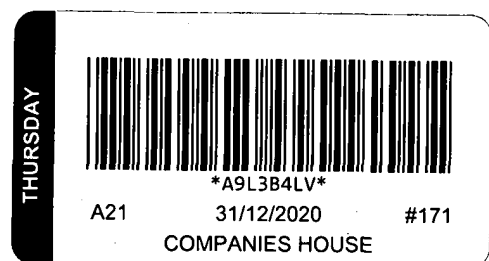


PRODIGY REPAYMENTS LIMITED

(Registered number 11281979)

Annual Report and Financial Statements

for the year ended 31 December 2019



PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

Annual Financial Statements for the year ended 31 December 2019

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PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

Annual Financial Statements for the year ended 31 December 2019

Page 1

General Information

| | |
|--|--|
| Company Number | 11281979 |
| Country of incorporation and domicile | United Kingdom |
| Directors | Carl Steven Baldry Apex Corporate Services (UK) Limited Apex Trust Corporate Limited |
| Registered Office | 6th Floor, 125 Wood Street, London, EC2V 7AN, United Kingdom |
| Company Secretary | Apex Trust Corporate Limited 6th Floor, 125 Wood Street, London, EC2V 7AN, United Kingdom |
| Bankers: | HSBC Bank plc, 1 Centenary Square, Birmingham, B1 1HQ, United Kingdom |
| Solicitor | Freshfields Bruckhaus Deringer LLP 65 Fleet Street, London EC4Y 1HS, United Kingdom |
| Corporate service provider | Apex Trust Corporate Limited, 6th Floor, 125 Wood Street, London, EC2V 7AN, United Kingdom |
| Independent Auditor | PricewaterhouseCoopers LLP 7 More London Riverside London United Kingdom SE1 2RT |

PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

Annual Financial Statements for the year ended 31 December 2019

Page 2

Strategic Report

The directors (the "Directors") present their strategic report for the year ended 31 December 2019.

Review of the business

The Company's operating income amounted to GBP 39,773 for the year ended 31 December 2019 (2018: GBP 12,766). Profit before tax for the year amounted to GBP 1,930 (2018: GBP 460). The Company was in a net asset position at year end with cash and cash equivalents of GBP 1,637,552 (2018: GBP 1,917,099)

Financial instruments

The financial instruments used by the company arise wholly and directly from its activities and comprise of its investments, cash and cash equivalents, trade payables and trade receivables.

Financial risk management

The company continues to maintain a rigorous risk management policy. The principal risks for the company are dealt with in note 13 to the financial statements.

Brexit impact

On January 31, 2020, the U.K. left the E.U. The Directors expect considerable change in the regulatory framework that will govern transactions and business undertaken in the E.U. As the Group offers loans to students in over 150 countries principally studying in the USA, the directors do not expect Brexit to have a material impact on growth and loan origination. The Group's focus is on lending to international students studying at top universities all over the world, with the majority of students studying outside of Europe.

Covid-19 impact

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019. Due to the evolving nature of the pandemic, it is not possible at the date of issue of these financial statements to estimate its financial impact, if any, on the Company's activities. The Board continue to monitor the impact on the Company's activities.

Going concern

Having considered the Company's future cash flows and its business plans, including in particular the confirmed support of the Company by Prodigy Finance Ltd, the Directors believe that the Company will have sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation. There is no intention to wind up the Company.

Key performance indicators (KPIs)

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|--------------------------------------|------------------|-------------------------------|
| Other income | 39,773 | 13,226 |
| Gross profit margin | 5% | 3% |
| Profit/(loss) after tax for the year | 1,563 | 373 |

On behalf of the Director



Colin Benford

Apex Corporate Services (UK) Limited
Director

Date: 29 December 2020

PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

Annual Financial Statements for the year ended 31 December 2019

Page 3

Directors' Report

The Directors present their annual report and first audited financial statements of the Company for the financial year ended 31 December 2019.

1 Principal activities and business review

The Company was incorporated under the Companies Acts 2006 in England on 28 March 2018.

The Company was incorporated under the Companies Acts 2006 in England and Wales as a private company limited by shares whose principal activity is to collect repayments made by student borrowers on behalf of Prodigy Finance Limited. The Company expects to maintain its current business activities in the coming financial year.

2 Going concern

Having considered the Company's future cash flows and its business plans, including in particular the confirmed support of the Company by Prodigy Finance Ltd, the Directors believe that the Company will have sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation. There is no intention to wind up the Company.

3 Results and dividends for the financial year

The Statement of Profit or Loss and Other Comprehensive income for the financial year ended 31 December 2019 and the Statement of Financial Position at that date are set out in pages 8 and 9. The result for the year was a profit of GBP 1,563 (2018: GBP 373)

The Directors do not recommend the payment of a dividend (2018: GBP Nil).

4 Directors and secretary

The Directors and secretary of the Company are as outlined on page 1.

Carl Steven Baldry was appointed as Director on 7 September 2018 and Apex Corporate Services (UK) Limited and Apex Trust Corporate Limited were appointed as Directors of the Company on 28 March 2018.

5 Directors, secretary and their interests

The Directors and secretary who held office on 1 January 2019 and 31 December 2019 had no interests in the share capital of the Company during the financial year.

6 Accounting records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 281 to 285 of the Companies Act 2006, are kept by the Company. To achieve this, the Directors have appointed Apex Trust Corporate Limited to provide accounting services, who report to the board and ensure that the requirements of Section 281 to 285 of the Companies Act 2006, are complied with. The accounting records of the Company are maintained at 6th Floor, 125 Wood Street, London, EC2V 7AN,

7 Political donations

No political donations were made by the Company during the current financial year (period ended 31 December 2018: GBP Nil).

8 Subsequent events

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The Directors have followed the guidance of both the Financial Reporting Council and IAS 10, confirming that COVID-19 is a non-adjusting event. The directors are not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

Other details on the subsequent events have been disclosed in note 15 to the financial statements.

PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

Annual Financial Statements for the year ended 31 December 2019

Page 4

Directors' Report (continued)

9 Independent auditor

PricewaterhouseCoopers LLP were the independent auditor for the year under review.

PricewaterhouseCoopers LLP were appointed as the independent auditor for the company and group for the year under review and will continue in office as auditors of the group pursuant to section 487(2) of the Companies Act 2006 and paragraph 44 of Schedule to the Companies Act 2006 (Commencement No. 3 Consequential Amendment, Transitional Provisions and Savings) Order 2007.

Directors' declaration on audited financial statements

In relation to the financial statements as set out on pages 8 to 15.

- the Directors approve these financial statements and confirm that they are responsible for them, including selecting the appropriate accounting policies, applying them consistently and making, on a reasonable and prudent basis, the judgements underlying them. They have been prepared on the going concern basis on the grounds that the Company will continue in business.
- the Directors confirm that to the best of their knowledge and belief, the accounting records reflect all of the transactions of the Company for the financial year ended 31 December 2019.

10 Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' report and audited 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 International Financial Reporting Standards ("IFRS") as adopted by the EU as applied in accordance with 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, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Disclosure of information to auditor

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

PRODIGY REPAYMENTS LIMITED

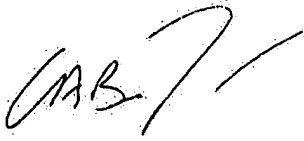
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Annual Financial Statements for the year ended 31 December 2019

Page 5

Directors' Report (continued)

On behalf of the board

A handwritten signature in black ink, appearing to read 'CAB' followed by a large, stylized flourish.

Colin Benford

Apex Corporate Services (UK) Limited
Director

Date: 29 December 2020

Independent auditors' report to the members of Prodigy Repayments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Prodigy Repayments Limited's financial statements:

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

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position; the statement of profit or loss and other comprehensive income; the statement of changes in equity; the statement of cash flows; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the period ended 31 December 2018, forming the corresponding figures of the financial statements for the year ended 31 December 2019, are unaudited.

Christopher Dalton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 December 2020

PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

Annual Financial Statements for the year ended 31 December 2019

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Statement of Profit or Loss and Other Comprehensive Income

| | | | Unaudited |
|---|-------|---------------|---------------|
| | | 31-Dec-19 | 31-Dec-18 |
| | Notes | GBP | GBP |
| Other income | 2 | 39,773 | 13,226 |
| | | <u>39,773</u> | <u>13,226</u> |
| Expenses | | | |
| Administrative expenses | 3 | (37,843) | (12,766) |
| Operating profit | | <u>1,930</u> | <u>460</u> |
| Profit before income tax | | 1,930 | 460 |
| Taxation | 5 | (367) | (87) |
| Profit for the year/period | | <u>1,563</u> | <u>373</u> |
| Total comprehensive income for the year/period | | <u>1,563</u> | <u>373</u> |
| Total comprehensive expense attributable to: | | | |
| Owners of the parent | | 1,563 | 373 |
| | | <u>1,563</u> | <u>373</u> |

The notes on pages 15 to 18 form an integral part of the financial statements.

PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

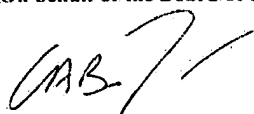
Annual Financial Statements for the year ended 31 December 2019

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Statement of Financial Position

| | Notes | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|-------------------------------------|-------|------------------|-------------------------------|
| Assets | | | |
| Current assets | | | |
| Trade and other receivables | 6 | 37,078 | 23,095 |
| Cash and cash equivalents | 7 | 1,637,552 | 1,917,099 |
| Total assets | | <u>1,674,630</u> | <u>1,940,194</u> |
| Liabilities and equity | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 1,672,693 | 1,939,820 |
| Total liabilities | | <u>1,672,693</u> | <u>1,939,820</u> |
| Equity | | | |
| Issued capital | 8 | 1 | 1 |
| Retained earnings | 9 | 1,936 | 373 |
| Total equity | | <u>1,937</u> | <u>374</u> |
| Total liabilities and equity | | <u>1,674,630</u> | <u>1,940,194</u> |

On behalf of the Board of Directors



Colin Benford

Apex Corporate Services (UK) Limited
Director

Date: 29 December 2020

PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

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Statement of Changes in Equity

| | Share capital GBP | Retained earnings GBP | Total equity GBP |
|---|-------------------------|-----------------------------|------------------------|
| Balance as at 28 March 2018 | - | - | - |
| <i>Total comprehensive income for the period</i> | | | |
| Profit for the year | - | 373 | 373 |
| Issue of share capital | 1 | - | 1 |
| Total comprehensive income for the period | 1 | 373 | 374 |
| Balance as at 31 December 2018 (unaudited) | 1 | 373 | 374 |
| Balance as at 1 January 2019 | 1 | 373 | 374 |
| <i>Total comprehensive income for the year</i> | | | |
| Profit for the year | - | 1,563 | 1,563 |
| Total comprehensive income for the year | - | 1,563 | 1,563 |
| Balance as at 31 December 2019 | 1 | 1,936 | 1,937 |

PRODIGY REPAYMENTS LIMITED

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Annual Financial Statements for the year ended 31 December 2019

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Statement of Cash Flows

| | Notes | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|--|----------|------------------|-------------------------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 1,930 | 460 |
| <i>Movements in working capital</i> | | | |
| Decrease/(Increase) in other assets | | 5,804 | (23,095) |
| (Decrease)/Increase in other liabilities | | (287,281) | 1,939,733 |
| Net cash (used in)/ generated from operating activities | | (279,547) | 1,917,098 |
| Cash flows from financing activities | | | |
| Issue of ordinary share capital | | - | 1 |
| Net cash generated from financing activities | | - | 1 |
| (Decrease)/Increase in cash and cash equivalents | | (279,547) | 1,917,099 |
| Cash and cash equivalents at start of the year/period | | 1,917,099 | - |
| Cash and cash equivalents at end of the year/period | 8 | 1,637,552 | 1,917,099 |

The notes on pages 15 to 18 form an integral part of the financial statements.

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(Registration Number 11281979)

Annual Financial Statements for the year ended 31 December 2019

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Accounting Policies

1 General information

The Company is a single member private company limited by shares. The Company was incorporated on 28 March 2018. The address of the Company's registered office is 6th Floor, 125 Wood Street, London, EC2V 7AN, United Kingdom.

The principal activity of the Company is to collect repayments made by student borrowers on behalf of Prodigy Finnacle Ltd.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The financial statements have been prepared under the historical cost convention. The Company continues to adopt the going concern basis in preparing the financial statements.

The financial statements are presented in British Pound ("GBP"), which is the functional and presentation currency of the Company.

(b) Estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision only affects that period or in the period of the revision and future period if the revision affects both current and future period.

(c) Foreign currency transactions

Foreign currency transactions are translated to the Company's functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at the balance sheet date. Foreign currency differences on these are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(d) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from retained earnings, net of any tax effects.

(e) Income tax expenses

Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

(f) Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(g) Cash and cash equivalents

Cash at bank comprise only of bank balances.

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Page 13

Accounting Policies (continued)

(h) Financial instruments

The financial instruments held by the Company include the following:

- Financial assets at amortised cost; and
- Financial liabilities

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at fair value through profit or loss ("FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at Fair Value through Other Comprehensive Income (FVOCI) as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at amortised cost

Loans have been classified as financial assets at amortised cost as the contractual terms of the financial asset give rise to cash flows that are solely payments of capital and interest on the principal amounts outstanding. They are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The provision for ECL is estimated annually and the difference is recognised in profit or loss.

Financial liabilities

Notes issued are classified as other financial liabilities at amortised cost and are initially recognised at fair value at the date of issuance of the liabilities and are subsequently measured at amortised cost using the effective interest rate method.

Subsequent measurement

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by ECL. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss is also recognised in profit or loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the 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 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 that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

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Accounting Policies (continued)

(i) Impairment

IFRS 9 introduces a new impairment model that requires the recognition of ECL on all financial assets at amortised cost. ECL are estimated based on the repayment profile of the Loans. The assessment is performed annually.

Significant Increase in Credit Risk

For the purposes of the Company's credit risk oversight, a significant increase in credit risk is identified when the financial asset goes into arrears exceeding 30 days. This period is reasonable given the structure of the Loans.

Definition of Default

An event of default is defined as when Prodigy Finance Ltd does not have sufficient funds to cover its expenses and the Company determines that the borrower can no longer repay the Loan. The primary evidence of an event of default is Prodigy Finance Ltd going into payment arrears. No such instances exist in the Company as at the Statement of Financial Position date (2018: none). Credit risk is monitored through Prodigy Finance Ltd's performance.

Therefore, a three-stage approach to impairment has been applied as follows:

- Stage 1** Performing - the recognition of 12 month ECL, that is the portion of lifetime ECL from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial
- Stage 2** Underperforming – Loan is in arrears as at the reporting date of 30 days, lifetime ECL are recognised reflecting the increased credit risk since initial recognition; and
- Stage 3** Non-performing loans - lifetime ECL for loans that are in default and a repayment is not expected reflecting the impairment of the asset.

The loan will move back from Stage 2 or Stage 3 to Stage 1 when the account is no longer in arrears.

PRODIGY REPAYMENTS LIMITED

(Registration Number 11281979)

Annual Financial Statements for the year ended 31 December 2019

Page 15

Notes to the Annual Financial Statements**2 Other income**

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|--------------------|------------------|-------------------------------|
| Other income | 37,773 | 12,766 |
| Account holder fee | 2,000 | 460 |
| | <u>39,773</u> | <u>13,226</u> |

3 Administrative expenses

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|------------------------------------|------------------|-------------------------------|
| Accounting and administration fees | 10,872 | 4,005 |
| Tax advisory Fee | 8,050 | - |
| Directors' remuneration | 7,200 | 1,657 |
| Audit fees | 3,851 | - |
| Company secretarial fees | 3,600 | - |
| Trustee fees | 1,200 | 276 |
| Other expenses | 3,000 | 6,828 |
| Bank Charges | 70 | - |
| | <u>37,843</u> | <u>12,766</u> |

4 Staff numbers and costs

The Company had no employees during the year ended 31 December 2019 (period ended 31 December 2018: None).

Apex Trust Corporate Limited acts as secretary and as corporate services provider to the Company in accordance with the terms of the service agreements made with the Company.

5 Taxation

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|--|------------------|-------------------------------|
| Reconciliation | | |
| Profit on ordinary activities before taxation | 1,930 | 460 |
| Profit before taxation for the reporting year multiplied by the standard rate of UK corporation tax of 19% (2018: 19%) | 367 | 87 |
| Total tax charge for the year/period | <u>367</u> | <u>87</u> |

6 Trade and other receivables

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|---|------------------|-------------------------------|
| Account holder fees receivable | 2,460 | 460 |
| Fees prepaid | 22,715 | - |
| Share capital receivable | 1 | 1 |
| <i>Receivable from Prodigy Finance Ltd:</i> | | |
| Audit fees | 3,851 | - |
| Tax advisory Fee | 8,051 | - |
| Accounting and administration fees | - | 13,396 |
| Company secretarial fees | - | 2,771 |
| Directors' remuneration | - | 5,543 |
| Trustee fees | - | 924 |
| | <u>37,078</u> | <u>23,095</u> |

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Notes to the Annual Financial Statements (continued)**7 Cash and cash equivalents**

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|---------------|------------------|-------------------------------|
| Bank balances | 1,637,552 | 1,917,099 |

8 Issued capital

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|------------------------------|------------------|-------------------------------|
| <i>Authorised:</i> | | |
| 1 Ordinary shares of £1 each | 1 | 1 |
| <i>Issued and called-up</i> | GBP | GBP |
| 1 Ordinary shares of £1 each | 1 | 1 |

Apex Trust Nominees No. 1 Limited held the entire share capital of the Company at 31 December 2019. The board of Directors have considered the issue as to who is the controlling party of the Company. It was determined that the day to day activities of the Company rests with the board.

The holders of ordinary shares are entitled to receive dividends as declared from time to time. No dividends were paid during the year or proposed by the Directors at the balance sheet date.

9 Retained earnings

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|--|------------------|-------------------------------|
| Reserves at the beginning of the year/period | 373 | - |
| Profit for the year/period | 1,563 | 373 |
| Reserves at the end of the year/period | 1,936 | 373 |

10 Trade and other payables

| | 31-Dec-19 GBP | Unaudited 31-Dec-18 GBP |
|----------------------------|------------------|-------------------------------|
| Payable to related parties | 1,637,622 | 1,917,099 |
| Accruals | 34,617 | 22,634 |
| Corporation tax payable | 454 | 87 |
| | 1,672,693 | 1,939,820 |

11 Reserves

Retained earnings include all current year and prior period retained profits and losses.

12 Financial risk management

The Board of Directors have overall responsibility for the establishment and oversight of the company's risk management framework. The company is exposed to a variety of financial risks as a result of its activities as described below.

13.1 Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from loans and receivables and cash holdings.

The policy of the company in relation to credit risk is to expose itself to the credit risk in relation to the financial assets only. The Directors consider the risk to be of an acceptable nature.

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Notes to the Annual Financial Statements (continued)

12 Financial risk management (continued)

13.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may also result from an inability to sell a financial asset quickly at its fair value. The objective of liquidity management is to ensure that the company has sufficient funds to meet contractual and financial obligations when they fall due.

To manage liquidity risk, the company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company's operation. Wherever possible, the company matches the properties of its financial liabilities to its assets to avoid significant elements of risk generated by mismatches of investment performance against its obligations.

The company has maintained sufficient funds to finance its ongoing working capital requirements. When necessary the company is able to seek further funding from external investors.

13.3 Market risk

Market risk is the risk that changes in interest rates and foreign exchange rates will affect the company's income and operations. Given that the Company receives funding from Prodigy Finance Limited, the above risks are very minimal.

13.4 Interest rate risk

Interest rate risk arises where assets and liabilities have interest rates under a different basis or which reset at a different time. Given that the Company has no trading activities and has only a cash balance, the above risks are very minimal.

13.5 Currency risk

The Company is exposed to foreign exchange risk because the functional currency differs from the currency in which other expenses are incurred and the currency in which its cash at bank is held. This risk however is very minimal as all income received are matched to the expenses paid out.

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Notes to the Annual Financial Statements (continued)

13 Related party transactions

During the year the company entered into the following transactions with related parties:

| Name | Relationship | Transactions | Transactions charged by the related party during the year | | Amounts receivables/(payable) by the related party at year-end | |
|-------------------------------|--------------------------|------------------------------------|---|-------------|--|------------------|
| | | | 2019 GBP | 2018 GBP | 2019 GBP | 2018 GBP |
| Apex Trust Corporate Limited | Company Secretary | Corporate services | 37,843 | 12,766 | 14,507 | 22,624 |
| Prodigy Finance CM-2017-1 DAC | Repayment account holder | Collect payments for student loans | - | - | 780,345 | 744,045 |
| Prodigy Finance CM-2018-1 DAC | Repayment account holder | Collect payments for student loans | - | - | 168,872 | - |
| Prodigy Finance CM-2018-2 DAC | Repayment account holder | Collect payments for student loans | - | - | 112,257 | 19,856 |
| MBA Community Loans PLC | Repayment account holder | Collect payments for student loans | - | - | 327,644 | 1,096,145 |
| Items in transit* | Repayment account holder | Repayment account holder | - | - | 248,434 | 57,053 |
| | | | | | <u>1,637,552</u> | <u>1,917,099</u> |

*This balance is swept to the appropriate related party as part of the clearing process.

Amounts outstanding between related parties are unsecured and payable on demand. Related party transactions were made on equivalent terms to those that prevail in arm's length transactions

During the financial year, the Company received an income amount to GBP 33,922 (2018: GBP 12,766) from Prodigy Finance Limited to cover for expenses.

14 Commitments and contingencies

At 31 December 2019 the Company had no commitments or contingencies (2018: Nil).

15 Subsequent events

Impact of COVID-19

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019. Due to the evolving nature of the pandemic, it is not possible at the date of issue of these financial statements to estimate its financial impact, if any, on the Company's activities. The Board continue to monitor the impact on the Company's activities.

There were no other events after the reporting financial year, which would require revision of the figures or disclosure in the financial statements.

16 Approval of financial statements

The financial statements were approved and authorised by the Board of Directors on 23 December 2020



The Directors
Prodigy Repayments Limited
125 Wood Street
London
EC2V 7AN

29 December 2020

Dear Ladies and Gentlemen,

Audit of financial statements for Prodigy Repayments Limited for the year ended 31 December 2019

We are writing to set out the findings from our audit for the above named entity in accordance with International Standards on Auditing (UK) (ISAs (UK)).

Significant findings from the audit

We are required under ISA (UK) 260 "Communication with those charged with governance" to communicate to those charged with governance significant findings from the audit, including:

- Our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;

We have nothing to report in respect of the above matters.

We also wish to draw your attention to the results of procedures performed over areas we identified as being significant audit risks:

Risk of management override of control

ISAs (UK) require us to consider the risk of fraud as a result of management override of controls as a significant audit risk. We have carried out the following procedures to address this risk during the course of our audit:

- Performed testing on a sample of journals based on identified potential fraud characteristics.

Our audit procedures did not identify any matters to bring to your attention.

Significant deficiencies in internal control

We are required under ISA (UK) 265 "Communicating deficiencies in internal control to those charged with governance and management" to communicate to those charged with governance significant deficiencies in internal control identified during the audit.

The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our work may therefore have not identified all significant deficiencies in your system of internal controls which a separate audit of internal control may reveal.

*PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7212 4652, www.pwc.co.uk*



We have not identified any significant deficiencies in internal control during the audit. We do however wish to draw the directors' attention to the following observation and recommendation noted during the course of our audit:

- No detailed reconciliation was performed over the cash item in transit balance of £248,434, disclosed within note 13 to the financial statements, which, at 31 December 2019 was due to be swept to the disclosed related parties. Whilst this liability was settled post 31 December 2019, we recommend management ensure a detailed reconciliation is performed as at the reporting date.

Other matters

We are also required under ISAs (UK) to communicate to those charged with governance if we have anything to report on the following:

- Uncorrected misstatements;
- Matters related to fraud;
- Matters related to laws and regulations;
- Matters related to related parties;
- Subsequent events;
- Matters related to going concern;
- Any significant facts that bear upon our independence and objectivity;
- Matters related to the auditors' report;
- Any other matters that, in our professional judgment, are significant to the oversight of the financial reporting process.

We have nothing to report in respect of the above matters.

This letter has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as this letter has not been prepared for, and is not intended for, any other purpose.

We would like to thank you and your staff for their assistance and co-operation during the audit process.

Yours faithfully

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers LLP'.

PricewaterhouseCoopers LLP