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MONEYBARN FINANCING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

REGISTERED NUMBER: 12323134

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MONEYBARN FINANCING LIMITED **REGISTERED NUMBER: 12323134**

FOR THE YEAR ENDED 31 DECEMBER 2022

TABLE OF CONTENTS

Company Information	2
Strategic Report	3
Directors' Report	6
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flow	16
Notes to the Financial Statements	18-28

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COMPANY INFORMATION

Directors

L.D.C. Securitisation Director No. 1 Limited
L.D.C. Securitisation Director No. 2 Limited
M.H. Filer

Secretary
Law Debenture Corporate Services Limited

Registered Office
8th Floor
100 Bishopsgate
London EC2N 4AG

Registered Number
12323134

Statutory Auditor
Deloitte LLP
Birmingham
United Kingdom

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for Moneybarn Financing Limited (the "Company") for the year ended 31 December 2022.

General company information
The Company was incorporated in England and Wales on 19 November 2019 as a private limited company with the registered number of 12323134.

Principal activities and review of business
The Company was set up as a special purpose company to acquire and accumulate newly originated car, van and motorbike financing receivables. The principal activity and sole purpose of the Company is to enter into a transaction to acquire receivables though the issuance of loan notes and other financing.

On 14 January 2020, the Company entered into a receivables Sales Agreement to allow it to finance and acquire certain receivables originated by Moneybarn No.1 Limited ("Originator") which is part of Vanquis Banking Group plc (formerly Provident Financial plc) ("VBG"). Acquisition of the receivables is financed by the Company issuing senior and subordinated loan notes. The finance obtained is limited recourse in nature and repayment is restricted to the income received by the Company on the underlying receivables acquired and is secured against the assets of the Company, with US Bank Trustees Limited acting as Security Trustee. All payments made by the Company are subject to a payment waterfall as set out in the documents underlying the transaction. Natwest Markets plc ("Natwest") act as the arranger and the provider of the senior facility ("Interest bearing liabilities") in order to acquire the receivables. Barclays Bank PLC ("Barclays") is also a senior noteholder within the transaction. US Bank Global Corporate Trust Limited act as cash manager under the transaction documents.

As part of the transaction the Company has entered into a servicing agreement with Moneybarn No.1 Limited (the "Servicer") to service and administer the underlying receivables for which the Servicer receives a servicing fee.

The Company has also entered into a subordinated loan agreement with the Originator to provide the Company with a revolving facility. Repayment is subject to the payment waterfall as set out in the transaction documents.

The receivables acquired under the transaction fail the recognition criteria of IFRS9: "Financial Instruments", because the Originator retains all the risks and rewards of ownership by being entitled to any residual cash flows after payment of all other expenses under the transaction documents. Accordingly, the beneficial interest in the receivables is recognised as a deemed loan in the Company's financial statements and the underlying receivables remain on the balance sheet of Originator. Consequently, VBG is considered the ultimate controlling party and as such the results of the Company are included in the consolidated financial statements of VBG.

During the year, on 11th February 2022, after the close of the financial period, the Company approved the delisting of the Class A £25m Senior Notes from The International Stock Exchange.

As at 31 December 2022, the Company had the following loan facilities:

	Facility limit £'000	Drawn down balance at 31 December 2022 £'000	Commitment fee %	Interest rate	Maturity
Interest bearing liabilities	325,000	275,000	0.70%	Daily compounded SONIA +2.15% until 14 July 2023, + 2.90% thereafter	14/07/2024
Subordinated Loan	Uncommitted	104,299	n/a	n/a	14/07/2024

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Performance in the year
The Company reported a profit after tax of £8,159k (2021: £4,423k) for the year. Please see Key Performance Indicators section below for more details. In accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit, being £1,200 per year.

Principal risks and uncertainties
The directors have been charged with governance in accordance with the transaction documents detailing the mechanism and structure of the Company. The structure of the Company is such that the key policies have been predetermined and the operational roles have been assigned to third parties and these are strictly governed by the transaction documents.

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

The main risks that could affect the Company's ability to continue as a going concern are credit risk, liquidity risk and interest rate risk. These include the correct and timely receipt of interest and principal on the deemed loan.

Credit risk management
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's deemed loan and cash and cash equivalents held at banks. The Company's maximum exposure to credit risk by class of financial asset is set out in Note 2 to the financial statements.

The major asset of the Company is the deemed loan to Originator. Due to the high levels of collateralisation, the company has elected to assess the recoverability of the loan based on the financial performance of VBG (the "Group").

The Company has appointed the Servicer to service the receivables underlying the deemed loan. It mitigates the Company's exposure to credit losses through strong underwriting, loan to value and credit control policies on the receivables underlying the deemed loan. Customers' credit risk profiles are evaluated at the point of application and subsequently at the point of arrangement. A scorecard based on exhaustive historical data including payment patterns of customers is used to asses an applicant's potential default risk. Impairments are monitored and provided for using various techniques.

Liquidity risk management
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Company's position. All payments made by the Company are made in strict order using a payment waterfall set out in the transaction documents and the funding raised by the Company is limited recourse in nature which means that it is only obliged to pay amounts falling due to the extent that it has received income from the receivables underlying the deemed loan. A key component of liquidity risk is funding for the purposes of long term lending.

The Company's contractual undiscounted cash flows of its financial assets and liabilities is set out in Note 2 to the financial statements.

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Interest rate risk management
Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times.

Interest paid on the Company's loan facilities is at a floating rate whilst interest received on the underlying receivables is at fixed and floating rates. The Company mitigates its interest rate risk on the underlying fixed rate receivables by entering into interest rate swap agreements with suitably rated counterparties. As a result, the Company does not have a material net interest rate risk exposure.

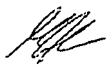
Key performance indicators (KPIs)
The recoverability of the Company's deemed loan is linked to the performance of the underlying receivables and therefore the net interest income and performance of the underlying receivables are key performance indicators. The Company monitors the monthly servicer reports that contain a range of data on the performance of the receivables portfolio including payment arrears, Loan to Value percentages and restructured loans.

Capital Structure
The capital structure of the Company consists of the debt disclosed in note 10 and equity attributable to the share trustee, The Law Debenture Intermediary Corporation plc, comprising of issued share capital and retained earnings as disclosed in the Statement of Financial Position. The Company is not subject to any external capital requirements except the minimum requirement for issued share capital for a plc under the Companies Act 2006. The Company has not breached the minimum requirement.

Future outlook
The Company will continue to acquire receivables underlying the deemed loan until the loan facilities have been fully utilised or the loan facility term has been reached at which point the Company may look to refinance the underlying receivables portfolio. The current uncertainty in the domestic and global economic environment may have an impact on the ability of the Servicer to collect all of the amounts due on the receivables portfolio owed to the Company. The Company and Servicer continue to monitor the situation and no significant impact has been noted to date.

Post balance sheet events
On 26th January 2023, following requests from the transaction parties, amendments were made to certain the transaction documents to amend the portfolio concentration limits.

By order of the Board



Mark Filer
Director
27 September 2023

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Future outlook
See strategic report.

Principal risks and uncertainties
See strategic report.

Going concern
On the basis of their assessment of the Company's financial position and that of its ultimate controlling party VBG, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Under the terms of the receivables purchase transaction that the Company has entered in to the underlying profit of the Company is fixed at £1,200 per year and the funding of the Company is limited recourse in nature, and governed by a strict payment waterfall, whereby liabilities are payable only to the extent of the income the Company receives from the underlying receivables. Further information supporting the going concern basis may be found in note 1 of the financial statements.

UK inflation is at an all-time high and interest rates have increased from 0.25% at 31 December 2021 to 5.25% in September 2023, resulting in most households experiencing a cost of living crisis. While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company as this may impact the borrowers' ability to repay the loans, or on the servicer's ability to continue to effectively service the loans. Further, the Russia/Ukraine conflict has affected the global economic markets and is exacerbating ongoing economic challenges, including inflation and global supply chain disruption. However, as at the report date there has been no material impact from either of these macroeconomic factors on the Company's financial performance or cash flows.

Due to the inherent nature of the entity, the Notes are limited recourse and are only paid down when cash is received and movements in the underlying interest rates are predominantly mitigated by the financial derivatives. For this reason directors are of the opinion that the entity continues to be a going concern for the foreseeable future. This is further supported by the cash reserve held and the liquidity facilities held by the entity. The directors do not expect there to be any change in the activities of the Company in the foreseeable future.

Results and dividends
The profit for the year ended 31 December 2022 amounted to £8,159k (2021: £4,423k). The Company paid no dividends during the year and the directors do not recommend a final dividend.

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Mark Filer
L.D.C. Securitisation Director No.1 Limited
L.D.C. Securitisation Director No.2 Limited

None of the directors who held office during the year and up to the date of this report held any beneficial interest in the share capital of the company and nor did they have any material contract or arrangement with the Company.

The Company has no employees.

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Directors' indemnities
The directors are provided by Law Debenture Corporate Services Limited under a Corporate Services Agreement which contains certain indemnities for the directors which were in place during the year and remain in force at the date of this report. Law Debenture Corporate Services Limited maintains its own insurance for the services it provides.

Section 172(1) statement
Section 172 (1) of Companies Act 2006 requires directors to act in the way they consider, 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
b) The interests of the Company's employees
c) The need to foster the Company's business relationships with suppliers, customers and others
d) The impact of the Company's operations on the community and the environment
e) The desirability of the Company maintaining a reputation for high standards of business conduct and
f) The end to act fairly as between members of the Company

As a special purpose vehicle, the governance structure of the Company is such that the policies have been predetermined at the time of the issuance. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- the transaction documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and as disclosed in note 1 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;
- the Company has no employees;
- the Company is a securitisation vehicle and therefore a key stakeholder are the noteholders. The transaction documents determine the nature and quality of assets that can be securitised and how the cash flows from securitised assets are distributed. Relationships are also fostered with suppliers and other via professional third parties who have been assigned operational roles and their strictly governed by the transaction documents and fee arrangements agreed in advance. The Company has no customers;
- as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment.

Disclosure of information to 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;
- each director has taken all the steps 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.

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

A resolution to reappoint Deloitte LLP as auditors of the Company will be proposed at the next Board Meeting of the Company

Signed on behalf of the board:

Mark Filer
Director
27 September 2023

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

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 have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, 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.

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Independent auditor's report to the members of Moneybarn Financing Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Moneybarn Financing Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flow; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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Independent auditor's report to the members of Moneybarn Financing Limited (continued)

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.

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.

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

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Extent to which the audit was considered capable of detecting irregularities, including fraud
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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to be in relation to the valuation of derivatives and our specific procedures performed to address it are described below:

- We obtained an understanding of management's processes of valuation of derivatives and perfomred a walkthrough of relevant controls
- We worked with our internal complex valuation specialists to develop an independent view of an acceptable range for the swap valuation. This was performed using an independent model and independent market data. We assessed whether management's valuation estimate was within our acceptable range.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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Independent auditor's report to the members of Moneybarn Financing Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

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

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

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

DocuSigned by:
Chris Freckelton
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Chris Freckelton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
27 September 2023

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MONEYBARN FINANCING LIMITED **REGISTERED NUMBER: 12323134**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**1 January to 31 December 2022 £**	1 January to 31 December 2021 £
Finance income	4	**13,541,979**	9,960,590
Finance expense	5	**(9,808,370)**	(6,284,122)
Net finance cost		**3,733,609**	3,676,468
Administrative expenses		**(3,732,409)**	(3,675,268)
Fair value gain on derivative	11	**8,158,351**	4,422,090
Profit from operations and before tax		**8,159,551**	4,423,290
Tax charge	7	**(228)**	(228)
Profit for the year		**8,159,323**	4,423,062
Other comprehensive income:			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**8,159,323**	4,423,062

There are no other comprehensive income items other than the result for the year stated above. Accordingly, no statement of other comprehensive income is given.

The above amounts relate exclusively to continuing operations.

The notes on pages 18 to 28 form part of these financial statements.

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MONEYBARN FINANCING LIMITED **REGISTERED NUMBER: 12323134**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £	2021 £
NON-CURRENT ASSETS			
Deemed loan	8	**249,841,206**	250,619,366
Derivative financial instrument	11	**11,277,609**	3,119,258
		261,118,815	253,738,624
CURRENT ASSETS			
Cash and cash equivalents		**25,335,004**	24,567,737
TOTAL CURRENT ASSETS		**25,335,004**	24,567,737
TOTAL ASSETS		**286,453,819**	278,306,361
CURRENT LIABILITIES			
Trade and other payables	9	**173,374**	185,239
NON-CURRENT LIABILITIES			
Interest bearing liabilities	10	**275,000,000**	275,000,000
		275,173,374	275,185,239
TOTAL LIABILTIES		**275,173,374**	27,185,239
NET ASSETS		**11,280,445**	3,121,122
EQUITY			
Called up share capital		**1**	1
Retained earnings		**11,280,444**	3,121,121
TOTAL SHAREHOLDERS FUNDS		**11,280,445**	3,121,122

The notes on pages 18 to 28 form part of these financial statements.

Approved and authorised for issue by the directors on 27 September 2023 and signed on the Company's behalf by:

Mark Filer
Director

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MONEYBARN FINANCING LIMITED **REGISTERED NUMBER: 12323134**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Profit and loss account	Total
	£	£	£
Balance as at 31 December 2020	**1**	**(1,301,941)**	**(1,301,940)**
Total comprehensive income	-	4,423,062	4,423,062
Balance as at 31 December 2021	**1**	**3,121,121**	**3,121,122**
Total comprehensive income	-	8,159,323	8,159,323
Balance as at 31 December 2022	**1**	**11,280,444**	**11,280,445**

The notes on pages 18 to 28 form part of these financial statements.

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MONEYBARN FINANCING LIMITED **REGISTERED NUMBER: 12323134**

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit on ordinary activities before taxation	**8,159,551**	4,423,290
Interest income	**13,541,979**	9,960,590
Interest expense	**(9,808,370)**	(6,284,122)
Fair value movement of swap	**(8,158,351)**	(4,422,090)
(Decrease)/Increase in creditors	**(11,884)**	65,534
Net cash generated from operating activities before tax	**3,722,925**	3,743,202
Tax paid	**(209)**	-
Net cash generated from operating activities after tax	**3,722,716**	3,743,202
Cash flows used in investing activities		
Net deemed loan acquired	**(138,742,700)**	(165.921.852)
Repayment of deemed loan	**139,520,860**	43,460,345
Interest received	**(13,541,979)**	(9,960,590)
Net cash outflow from investing activities	**(12,763,819)**	(132,422,097)
Cash flows from financing activities		
Proceeds from Interest bearing liabilities	**-**	125,000,000
Interest paid	**9,808,370**	6,284,122
Cash generated from financing activities	**9,808,370**	131,284,122
Net increase in cash and cash equivalents	**767,267**	2,605,227
Cash and cash equivalents at the start	**24,567,737**	21,962,510
Cash and cash equivalent at year end	**25,335,004**	24,567,737

The notes on pages 18 to 28 form part of these financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information
Moneybarn Financing Limited was incorporated on 19 November 2019 in the United Kingdom under the Companies Act 2006. The Company is a special purpose company established to act as a securitisation vehicle to acquire newly originated receivables and to procure financing for this activity.

Significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated. The financial statements are presented in Sterling (£), which is also the functional currency of the Company. Sterling is used as this is the currency of the primary economic environment in which the Company operates.

Basis of accounting
The financial statements have been prepared in accordance with applicable accounting standards and in accordance with international accounting standards as adopted by the UK, International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006. The financial statements are prepared under the historical cost convention as modified by certain financial instruments recognised at fair value.

The Company is consolidated into VBG and its consolidated financial statements are publicly available as disclosed in note 15.

New standards or amendments in issue but not yet effective
There are no new standards not yet effective and not adopted by the Company from 1 January 2023 which are expected to have a material impact on the Company.

Going concern
On the basis of their assessment of the Company's financial position and that of its ultimate controlling party VBG, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Under the terms of the receivables purchase transaction that the Company has entered into the underlying profit of the Company is fixed and the funding of the Company is limited recourse in nature, and governed by a strict payment waterfall, whereby liabilities are payable only to the extent of the income the Company receives from the underlying receivables.

The key factor in determining going concern risk is loan payment arrears. The legal structure of the transaction and Notes means that the Company is only required to pay out funds to the extent that it has received them from the underlying receivables. Under the terms of the transaction documents, the Originator is required to repurchase defaulting loans from the Company. Should the Originator fail to repurchase the defaulting loans, the Company will only be liable to make payments to the noteholders and transaction parties to the extent that funds are received.

UK inflation is at an all-time high and interest rates have increased from 0.25% at 31 December 2021 to 5.25% in September 2023, resulting in most households experiencing a cost of living crisis. While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company as this may impact the borrowers' ability to repay the loans, or on the servicer's ability to continue to effectively service the loans. Further, the Russia/Ukraine conflict has affected the global economic markets and is exacerbating ongoing economic challenges, including inflation and global supply chain disruption. However, as at the report date there has been no material impact from either of these macroeconomic factors on the Company's financial performance or cash flows.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Going concern (continued)

Due to the inherent nature of the entity, the Notes are limited recourse and are only paid down when cash is received and movements in the underlying interest rates are predominantly mitigated by the financial derivatives. For this reason directors are of the opinion that the entity continues to be a going concern for the foreseeable future. This is further supported by the cash reserve held and the liquidity facilities held by the entity. The directors do not expect there to be any change in the activities of the Company in the foreseeable future.

Finance income

Finance income represents interest and other income on the deemed loan. Finance income is accounted for under IFRS 9 on an effective interest rate ("EIR") basis, inclusive of directly attributable incremental transaction costs and fees. The EIR basis spreads the interest income over the expected life of each instrument. The EIR is the rate that, at the inception of the instrument, exactly discounts expected future cash payments and receipts through the expected life of the instrument back to the initial carrying amount. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the instrument (for example, prepayment options) but does not consider assets' future credit losses.

All revenue recorded in the financial statements is generated in the UK and sourced from transactions relating to underlying receivables.

Finance expense

Finance expense represents interest expense on interest bearing liabilities which are accounted for on an EIR basis, inclusive of directly attributable incremental transaction costs and fees.

Deferred Consideration

The Originator is the subordinated noteholder. It retains the risk and rewards of ownership of the receivables and receives any residual income after payment of all the Company's expenses. The residual income is accounted for on an accrual basis.

Administration expenses

Administration expenses are recognised in the statement of comprehensive income on an accrual basis.

Taxation

The Company is within the permanent regime for taxation of securitisation companies, under which they are taxed by reference to their contractually retained profits (to the extent that they are realised). Taxable profits under the permanent regime will normally equal the contractual profit as defined by the original transaction documentation, being £1,200 for the year ended 31 December 2022. Consequently, neither current tax nor deferred tax will be affected by any fair value gains or losses arising on derivatives and other financial instruments.

Financial instruments

(i) Classification and measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as-

DocuSign Envelope ID: 3EBB19C6-2BEB-48DA-A2B6-5D0B05A63EB5

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Classification and measurement (continued)

appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets
IFRS 9 requires the classification of financial assets to be determined by a contractual cash flows test referred to as Solely Payment of Principal and Interest ("SPPI") and the nature of the underlying financial asset and the business model under which it is being held. Financial assets that fail the SPPI test are measured at fair value through the income statement net of any expected credit losses. The impairment requirements are applied by reference to the credit quality at initial recognition and borrower repayment timeliness.

Deemed loans
The receivables acquired under the transaction fail the recognition criteria of IFRS9: "Financial Instruments", because the Originator retains all the risks and rewards of ownership by being entitled to any residual cash flows after payment of all other expenses under the transaction documents. Accordingly, the beneficial interest in the underlying receivables is recognised as a deemed loan in the Company's financial statements and the receivables remain on the balance sheet of Originator.

The deemed loan is classified as a financial asset measured at amortised cost in accordance with IFRS 9 because its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). The Company's business model with regards the deemed loan is to hold it to collect the contractual cash flows, rather than selling it to generate cash flows.

The deemed loan initially represents the consideration paid by the Company in respect of the acquisition of the of the receivables. It is subsequently increased for further purchases of receivables and the accrual of finance expenses and is reduced by payments on the senior facility and payments of deferred consideration. The deemed loan is measured at amortised cost using the EIR less any provision where the loan is considered to be impaired.

Impairment
Impairment of the deemed loan has been assessed and deemed to be immaterial. The deemed loan is reported on a net basis with the subordinated notes, which carries the majority of the risk associated with the underlying receivables. Expected credit losses are calculated and monitored on the underlying receivables by the Servicer. These expected losses fall substantially short of the carrying value of the subordinated notes, leaving no exposure to credit risk in the Company.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Financial liabilities included in trade and other payables and interest bearing liabilities are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Derivative financial instruments
The Company enters into interest rate swaps to manage its exposure to interest rate risk. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

DocuSign Envelope ID: 3EBB19C6-2BEB-48DA-A2B6-5D0B05A63EB5

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(ii) Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has substantially transferred all risks and rewards of ownership. If substantially all risks and rewards have been neither retained nor transferred the assets continue to be recognised to the extent of the Company's continuing involvement. Financial liabilities are derecognised when they are extinguished.

Critical accounting estimates and judgements
The preparation of these financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies.

Critical accounting estimates
Valuation of balance guarantee swaps - The fair value of the balance guarantee swaps is determined by predicting the future cash flows according to interest curve data available in the market and discounting these cash flows using the appropriate yield curve. Changes in assumptions used by the counterparties could affect the reported fair value of these financial instruments. Management utilises third-party valuations to measure the fair value of the balance guarantee swaps, and therefore a sensitivity analysis has not been performed. Further details can be found in note 11.

Impairment of the deemed loan – In assessing the deemed loan for impairment, the Servicer has assessed the underlying receivables for impairment to inform the Company's decision. These assessments are based on the Servicer's estimation of risk and uncertainty, taking inputs from observed behaviour and economic forecasts to determine an appropriate level of impairment provisions. The impairment recognised on the underlying receivables incorporates the best information available to the Servicer, but includes an inherent level of uncertainty that cannot be managed away by the Company. This uncertainty has not altered the Company's decision to classify expected credit losses as immaterial. Losses on the loans would need to increase by 481% to exceed the value of the subordinated notes. Further details can be found in note 8.

Critical accounting judgements
Classification of financial assets – Management judgement was applied to the assessment of whether contractual cash flows are solely payments of principal and interest. Management determined that term extensions and forbearance activity are not contractual so do not impact on the assessment. Further details can be found in note 2.

2. Financial risk management

The board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the business.

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, interest rate risk:

DocuSign Envelope ID: 3EBB19C6-2BEB-48DA-A2B6-5D0B05A63EB5

2. Financial risk management (continued)

Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's deemed loan and cash and cash equivalents held at banks. The Company's maximum exposure to credit risk by class of financial asset is as follows:

	2022	2021
Assets	£	£
Deemed loan	249,841,206	250,619,366
Cash and cash equivalents	25,335,004	24,567,737
	275,176,210	275,187,103

The major asset of the Company is the deemed loan to Originator. The recoverability of the deemed loan is linked to the performance of the Group and their ability to service the ongoing commitment.

The Company has appointed a Servicer to service the receivables underlying the deemed loan. It manages the Company's exposure to credit losses by assessing borrowers' ability to repay the receivables, the borrower's risk profile and their stability during the underwriting process. Impairments are monitored and provided for using statistical modelling.

The fair value of cash and cash equivalents at 31 December 2022 approximates the carrying value. Further details regarding cash and cash equivalents can be found in note 11. Credit risk relating to cash and cash equivalents is mitigated as cash and cash equivalents are held with suitably rated counterparties.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Company's position. All payments made by the Company are made in strict order using a payment waterfall set out in the transaction documents and the funding raised by the Company is limited recourse in nature which means that it is only obliged to pay amounts falling due to the extent that it has received income from the receivables underlying the deemed loan.

The tables below analyse the Company's contractual undiscounted cash flows of its financial assets and liabilities:

	Carrying amount	Gross nominal inflow/ (outflow)	Amount due within one year	Amount due post one year
2022	£	£	£	£
Financial assets				
Deemed loan	249,841,206	(778,160)	-	249,841,206
Cash and cash equivalents	25,335,004	767,267	25,335,004	-
Derivative financial instrument	11,277,609	8,158,351	-	11,277,609
Financial liabilities				
Interest bearing liabilities	(275,000,000)	-	-	(275,000,000)
Trade and other payables	(173,374)	11,865	(173,374)	-

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2. Financial risk management (continued)

Liquidity risk management (continued)	Carrying amount	Gross nominal inflow/ (outflow)	Amount due within one year	Amount due post one year
2021	£	£	£	£
Financial assets				
Deemed loan	250,619,366	122,461,507	-	250,619,366
Derivative financial instrument	3,119,258	4,422,090	-	3,119,258
Cash and cash equivalents	24,567,737	2,605,227	24,567,737	-
Financial liabilities				
Interest bearing liabilities	(275,000,000)	(125,000,000)	-	(275,000,00)
Trade and other payables	(185,239)	(65,762)	(184,239)	-

Interest rate risk management

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. Interest paid on the Company's loan facilities is at a floating rate whilst interest received on the receivables underlying the deemed loan are at fixed and floating rates. The Company mitigates its interest rate risk on the underlying fixed rate receivables by entering into interest rate swap agreements with suitably rated counterparties. As a result, the Company does not have a material net interest rate risk exposure.

3. Segmental analysis

The Directors consider that the Company has one operating segment due to the similarity of risks faced in relation to the investment of the funding raised in the underlying receivables and therefore is not required to produce additional segmental disclosure.

4. Finance income

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Interest on deemed loan	**11,893,458**	9,960,590
Swap income	**1,626,580**	-
	13,520,038	9,960,590

5. Finance expense

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Interest on loan facilities	**9,308,370**	5,170,039
Commitment fee	**500,000**	277,397
Swap expense	**-**	886,686
	9,808,370	6,284,122

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6. Profit from operations

All audit fees were paid as part of the fee paid by VBG with no amounts charged to Moneybarn Financing Limited. The Company employed no employees in the year to 31 December 2022 (2021: Nil).

7. Taxation

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Current tax	**228**	228
Total Tax Charge	**228**	228

The rate of tax charge on the profit before taxation for the year is lower than (2021: lower than) the average rate of mainstream corporation tax in the UK of 19% (2021: 19%). This can be reconciled as follows:

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Profit on ordinary activities before tax	**8,159,551**	4,423,290
Effects of:		
Profit on ordinary activities before tax multiplied by UK Corporate tax rate of 19% (2020 19%)	**1,550,315**	840,425
Effects of:		
Accounting profit not taxed in accordance with SI 2006/3296	**(1,550,315)**	(840,425)
Tax on cash retained profit in accordance with SI 2006/3296	**228**	228
Total Tax Charge	**228**	228

The tax charge above has been calculated in accordance with the permanent regime for taxation of securitisation companies (SI 2006/3296).

In 2021, changes were enacted to increase the mainstream corporation tax rate from 19% to 25% with effect from 1 April 2023.

The Company has no (2021: no) temporary differences or carried forward tax losses at 31 December 2022.

DocuSign Envelope ID: 3EBB19C6-2BEB-48DA-A2B6-5D0B05A63EB5

8. Deemed loan

	2022	2021
	£	£
Gross Deemed loan	**357,539,939**	348,640,953
Less: Subordinated loan notes (see note 10)	**(103,237,476)**	(92,970,141)
Less: Accrued deferred consideration	**(4,461,257)**	(5,051,446)
Expected credit loss provision	**-**	-
	249,841,206	250,619,366

The Company has provided security to its loan facility providers by granting charges over its rights to receive principal and interest on the receivables underlying the deemed loan. The interest on the deemed loan is linked to the interest on the senior notes.

9. Trade and other payables

	2022	2021
	£	£
Tax payable	**456**	437
Accruals	**172,918**	184,802
	173,374	185,239

10. Interest bearing liabilities

	2022	2021
	£	£
Interest bearing liabilities due after one year but less than five years	**275,000,000**	275,000,000

The deemed loan is financed by Interest bearing liabilities and subordinated notes, the terms of which are shown below. The receivables acquired under the transaction fail the recognition criteria of IFRS9 therefore the subordinated notes are netted against the deemed loan.

	Facility limit £'000	Drawn down balance at 31 December 2022 £'000	Commitment fee %	Interest rate	Maturity
Interest bearing liabilities	325,000	275,000	0.70%	Daily compounded SONIA +2.15% until 14 July 2023, + 2.90% thereafter	14/07/2024
Subordinated Loan	Uncommitted	104,299	n/a	n/a	14/07/2024

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10. Interest bearing liabilities (continued)

Interest is payable monthly on the 21st day of each month. The facilities are secured on the receivables underlying the deemed loan and any other collateral security relating to those Receivables.

The finance obtained is limited recourse in nature and repayment is restricted to the income received by the Company on the underlying receivables acquired and is subject to a payment waterfall under the transaction documents.

Net debt represents interest bearing liabilities, less cash at the bank and in hand, and excludes unamortised debt Issue costs but includes accrued interest relating to the Company's third-party indebtedness. A reconciliation of net debt is shown below:

	2022	2021
	£	£
Interest bearing liabilities	**275,000,000**	275,000,000
Deduct: cash as reported in financial statements	**(25,335,004)**	(24,567,737)
Net debt: borrowings less cash	**249,664,996**	250,432,263
Add: Accrued interest and commitment fees	**172,918**	184,802
Net debt	**249,837,914**	250,617,065

11. Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are: the deemed loan, cash and cash equivalents, interest bearing liabilities, derivative financial instruments and trade and other payables.

A summary of the financial instruments held is provided below:

	2022	2021
	£	£
Financial asset: amortised cost		
Deemed loan	**249,841,206**	250,619,366
Cash and cash equivalents	**25,335,004**	24,567,737
Finanancial assets at fair value through the profit and loss		
Bespoke over-the-counter interest rate swap	**11,277,609**	3,119,258
	286,453,819	278,306,361
Financial liabilities at amortised cost		
Interest bearing liabilities	**275,000,000**	275,000,000
Trade and other payables	**173,374**	185,239
Financial liabilities at fair value through the profit and loss		
Bespoke over-the-counter interest rate swap	**-**	-
	275,173,374	275,185,239

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11. Financial Instruments (continued)

On 13 July 2021, the interest reference rate for the senior notes within the interest bearing liabilities was changed from LIBOR to SONIA, in compliance with the LIBOR transition regime. The company has no LIBOR exposure as at 31 December 2021 and 31 December 2022.

Fair value hierarchy

Quoted market prices - Level 1

Financial instruments, the valuations of which are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation techniques using observable inputs - Level 2

Financial instruments that have been valued using inputs other than quoted prices as described for level 1 but which are observable for the asset or liability, either directly or indirectly.

Valuation techniques using significant unobservable inputs - Level 3

Financial instruments, the valuation of which incorporate significant inputs for the asset or liability that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The derivative financial instruments are considered to be level 3 and thus based on unobservable inputs. Whilst the swap is linked to SONIA which is observable, it has a non-standard repayment curve as it is tailored to match the expected repayment profile of the vehicle finance receivables underlying the deemed loan. This is a combination of the remaining contractual terms and an assumption about prepayment rates, both of which are deemed to be unobservable inputs.

12. Reconciliation of opening and closing balance of financial liabilities arising from financing activities

	2022	2021
	£	£
Loan Notes		
Opening balance at the start of the year	**275,000,000**	150,000,000
Notes issued during the year	**-**	125,000,000
Notes redeemed	**-**	-
Closing balance at the end of the year	**275,000,000**	275,000,000

13. Share capital

	2022	2021
	£	£
Issued 1 Ordinary share of £1 each – fully paid	**1**	1

The entire issued share capital of the Company is held by The Law Debenture Intermediary Corporation Plc, as share trustee, under a declaration of trust for discretionary charitable purposes.

DocuSign Envelope ID: 3EBB19C6-2BEB-48DA-A2B6-5D0B05A63EB5

14. Related party transactions

Law Debenture Corporate Services Limited ("Law Deb") charges a management fee for the provision of a range of services including provision of the directors (Mark Filer, L.D.C. Securitisation Director No. 1 Limited and L.D.C. Securitisation Director No. 2 Limited).

VBG is considered to be the ultimate controlling party of the Company. Moneybarn No.1 Limited is the originator and servicer of the underlying receivables.

The related party transactions between the Company and its related parties are summarised below:

	Related party	2022	2021
Statement of comprehensive income		£	£
Interest on deemed loan	Moneybarn No.1 Limited	**13,541,979**	9,960,590
Loan service fee	Moneybarn No.1 Limited	**3,674,696**	3,565,975
Corporate service fee	LawDeb	**21,941**	19,044
Statement of financial position			
Deemed loan	Moneybarn No.1 Limited	**249,841,206**	250,619,366

15. Ultimate controlling party

The entire issued share capital of the Company is held by The Law Debenture Intermediary Corporation Plc, as share trustee, under a declaration of trust for discretionary charitable purposes.

In the opinion of the directors, Moneybarn No.1 Limited is the controlling party of the Company and VBG is the ultimate controlling party of the Company. As such, the results of the Company are included in the consolidated financial statements of VBG. Copies of these can be obtained from VBG, No 1 Godwin Street, Bradford, BD1 2SU or from the corporate website, www.vanquisbankinggroup.com.

16. Events after the reporting date

On 26th January 2023, following requests from the transaction parties, amendments were made to certain transaction documents to amend the portfolio concentration limits.

On the 30th June 2023, the Company refinanced its senior facility with Natwest and Barclays. As a result, the maturity date now falls on 31st December 2025.