MONEYBARN NO.1 LIMITED
(Company Number 04496573)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

CONTENTS

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DIRECTORS REPORT

Moneybarn No.1 Limited (the 'Company') is part of Vanquis Banking Group plc. Vanquis Banking Group plc is a public limited company, listed on the London Stock Exchange, which, together with its subsidiaries, forms the Vanquis Banking Group (the 'Group'). The immediate parent undertaking of the Company is Moneybarn Group Limited.

The following provisions, which the directors are required to report in the Directors' report, have been included in the Strategic report:

- how the directors have engaged with colleagues, how they have had regard to colleague interests and the effect of that regard, including on the principal decision taken by the Company in the financial year (page 9); and,
- how the directors have had regard to the need to foster the Company's business relationship with suppliers, customers and others, and the effect of that regard, including on the principal decision taken by the Company in the financial year (pages 7 to 13).

Principal activities
The principal activity of the Company is the provision of finance for the purchase of motor vehicles by individuals via conditional sale agreements.

Results
The Statement of comprehensive income for the year is set out on page 20. The profit for the year of £18.5m (2022: £11.2m) has been added to retained earnings. The key drivers for the increase in profit in the current year have been considered in the Business review within the Strategic report.

Dividends
The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2023 (2022: £nil).

Directors
The directors of the Company during the year ended 31 December 2023, all of whom were directors for the whole year then ended and to the date of this report, except where stated, were:

M Le May	(resigned 1 August 2023)
D Shrimpton-Davis	(resigned 30 November 2023)
N Kapur	(resigned 7 August 2023)
C Anderson	(resigned 30 November 2023)
I McLaughlin	(appointed 1 August 2023)
D Watts	(appointed 30 November 2023)
G Cronin	(appointed 30 November 2023)
P Estlin	(appointed 23 January 2024)

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of this report. The Company maintains directors' and officers' liability insurance for its Directors and officers.

Climate change
A climate-related financial report is included in the Group's Annual Report and Financial Statements 2023 on pages 19 to 28 which includes:

- scope 1 and 2 greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent;
- GHG emissions which related to material scope 3 categories in tonnes of carbon dioxide equivalent;
- compliance with four recommendations and eleven recommended disclosures of the Taskforce on Climate related financial disclosures ("TCFD");
- a relevant intensity ratio (i.e. kilograms of carbon dioxide equivalent per customer); and
- information on underlying energy use for 2023.

The disclosures are produced in accordance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) policy that has been implemented through the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018. This disclosure covers the greenhouse gas emissions and energy use for the Group and its operating divisions incorporating the Company.

Climate change (continued)
In addition, by including a climate-related financial report in the Group's Annual Report and Financial Statements 2023 that is fully consistent with the four pillars and eleven recommended disclosures of the TCFD, the Group complies with the FCA's Listing Rule 9.8.6R(8) and meets the requirements of the Climate-related Financial Disclosure (CFD) Regulations 2022 and the UK Companies Act (that is, sections 414CB(2A)(a to h).

Financial risk management
The financial and capital risk management reports of the Company are set out on pages 31 to 32.

Auditor information
In accordance with section 418 of the Companies Act 2006, each person who is a director at the date of this report confirmed that:

i) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
ii) the directors have taken all reasonable steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
Deloitte LLP will continue as auditor to the Company for the next financial year.

Approved by the Board and signed on behalf of the Board by:

I McLaughlin
Director
23 April 2024

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

STRATEGIC REPORT

Business review

Moneybarn No.1 Limited (the 'Company') is one of the leading suppliers of vehicle finance to non-prime customers in the United Kingdom. For the year ended 31 December 2023, the Company generated profit before tax of £24.2m (2022: £13.8m).

The following are considered the Company's key performance indicators:

Key Performance Indicators (KPIs)*	**2023**	2022 (restated)
Asset yield	19.4%	21.4%
Cost of risk	1.9%	6.2%

*Certain alternative performance measures (APMs) have been used in this report. Please refer to page 4 for further detail.

The Company is an expert in helping customers to access finance when they might have struggled to get approval from mainstream lenders. Our customers represent one in five of UK adults who have a poor credit history but need a reliable car, motorbike or van to suit their lifestyle and financial situation. The core product offered by the Company is a Conditional Sale Agreement, which is a type of vehicle finance that helps spread the cost of a used vehicle over time, instead of paying for it all upfront. This is different to the other types of vehicle finance, like Hire Purchase (HP) or Personal Contract Purchase (PCP), as a Conditional Sale Agreement has no additional fee to own the vehicle; once the customer has made the final repayment, they legally own the vehicle. A Conditional Sale Agreement uses a fixed APR, so monthly payments are predictable and remain the same for the duration of the agreement, which is typically between 36-60 months.

Good customer outcomes are important to the Company, and once a customer is with us, the Company is focused on helping them to achieve the best outcomes possible, whether that's simply paying their finance each month until they own their used vehicle, or for example by supporting them if they're able to settle their agreement early. The Company understands that customers may experience difficulties during their agreement, and are focused on supporting them should that happen. The Company has a range of options that allow us to help customers get back on track, or to otherwise exit the agreement in the 'best way possible'.

Total customer numbers grew 11.7% to 111,700 as of December 2023 (2022: 100,000). This has been achieved through several initiatives that have included technology investment in Moneybarn Direct, targeted retention of customers, and entry into the Personal Contract Hire market.

New customer numbers for the year were 50,800, up 20.7% from 42,100 in 2022. This has been achieved as a result of strengthened distribution and competitive pricing. The improved price competitiveness was due to our funding costs from the Group's retail deposits being comparatively lower than the wholesale funding relied upon by most of our competitors. Notably, Moneybarn Direct, our direct to customer channel, had a strong year with approvals up 82%.

Financial performance

During the year, the Company generated profit before tax of £24.2m (2022: £13.8m) and receivables at the year end of £792.2m (2022 restated: £655.4m). Throughout the year, the Company has focused on sustainable growth, delivering 19.5% growth in average gross receivables to £784.7m (2022: £656.6m), with deliberate action taken to moderate growth in the second half of the year to improve profitability by reducing the day one impact of IFRS 9 driven expected credit losses from new business.

Interest Income from customers increased by 8.3% to £152.3m (2022: £140.6m) delivering 19.4% annualised asset yield (2022: 21.4%).

Net Interest Income rose by 6.4% to £113.1m (2022: £106.3m) as a result of the increase in receivables being offset by rising interest expense due to market savings rates and the UK bank base rate moving upwards, impacting the Company and Group's funding cost.

Financial performance (continued)

Risk adjusted income increased by £32.4m to £97.9m (2022: £65.5m) benefiting from impairment reducing £25.6m to £15.2m (2022: £40.8m). The impairment reduction reflects continuing IFRS 9 model refinements and recalibration leading to an impairment provision release of £47.0m in 2023 (2022: £0.5m), as the Company has purposefully transitioned towards the lower credit risk near prime market. This one-off impairment provision release masks higher expected losses from receivables growth (£18.1m) particularly evident during the first half of 2023. As a result, cost of risk dropped from 6.2% to 1.9%.

Operating costs rose by £22.0m (42.6%) to £73.7m (2022: £51.7m). Proactive management actions taken during the second half of 2023 has in part mitigated cost headwinds. These headwinds include inflation and heightened customer complaints. During 2023, the Company experienced elevated levels of customer compensation claims from claims management companies (CMC). The majority of these claims are speculative in nature, primarily driven by spurious CMC activity, and related to a wide range of different matters with no common theme or systematic issue, lack substance and are not upheld. However, the higher than normal volumes and reviewing them is impacting costs and the Group are therefore exploring proactive legal steps to address the situation. During the second half of the year this activity had begun to stabilise. The Company has never entered into discretionary broker commission arrangements.

The Group has continued investment in the diversification of customer propositions and the IT investment in the Gateway platform. Cost management is being embedded as a core discipline throughout the Group, and transformation cost savings remain on track.

On 3 October 2023, an additional 40 Ordinary shares of £1 each were issued and fully paid by the Company's immediate parent undertaking at a price of £0.5m per share. The Ordinary shares, which are held exclusively by the immediate parent undertaking carry full voting, dividend and capital distribution rights.

Although the Company has short-term challenges to address, a new strategy will deliver good outcomes for our customers. The next two years will be periods of restructuring for the Group with significant steps to redevelop our customer proposition and reset pricing to return to modest lending growth.

Prior year restatement

In the current year, as part of the Group's continual focus on improving the precision of its IFRS 9 impairment models, it was identified that recovery cash flows were being discounted to the date of default rather than the reporting date. This led to cash flows being discounted too heavily and therefore a higher core model impairment provision being historically recognised. In 2021, this would have resulted in an increase in the Company profit after tax of £7.5m, an increase in receivables of £9.3m and an increase in the current tax liability of £1.8m. The directors consider that a prior period restatement is appropriate and have retrospectively restated the 2022 Balance sheet which has result in an increase in receivables of £9.3m, an increase in the current tax liability of £1.8m and a corresponding increase of £7.5m through retained earnings.

Alternative performance measures (APMs)

In addition to statutory results and key performance indicators (KPIs) reported under international accounting standards as adopted by the UK, the Company provides certain alternative performance measures (APMs). These APMs are used internally by management and are also deemed helpful in understanding the Company's performance. These non-statutory measures should not be considered as replacements for IFRS measures. The definition of these non-statutory measures may not be comparable to similarly titled measures reported by other companies.

The APMs used within this report are calculated as follows:

Asset Yield

Interest income from customer receivables for the 12 months ended 31 December as a percentage of average gross receivables

Cost of risk

Impairment charges for the 12 months ended 31 December as a percentage of average gross receivables

Average gross receivables

Average of gross customer interest earning balances for the 13 months ended 31 December

Principal risks and uncertainties and financial risk management

The Company operates a 'three lines of defence' model to articulate key accountabilities and responsibilities for managing risk and to support effective embedding of risk management across the business. The 'first line' consists of line management across the Company, who are responsible for identifying, assessing, monitoring and reporting risk within their respective areas whilst ensuring that appropriate internal controls, processes and systems are in place to deliver against business strategy and objectives. The Risk function of the Company act as the 'second line', in which the Risk Management Framework is established. This function provides independent oversight of governance, risk management and controls to ensure risks are identified, measured, managed and reported appropriately. The 'third line' consists of the Internal Audit function, which provides independent and objective assurance on the design adequacy and operational effectiveness of internal controls and overall effectiveness of the Company and Group's risk governance and risk management practices.

Credit risk

Credit risk is the principal risk faced by the Company. The possibility that customers will fail to honour their contracts and the market value of the underlying vehicle will be insufficient security to cover the customer's outstanding liabilities. To mitigate this risk, the Company has developed strong underwriting, loan to value and credit control policies, as well as an efficient disposal process.

The Risk Committee is responsible for setting credit policy. The Chief Risk Officer (CRO) is responsible for ensuring that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy. The CRO discharges and informs this decision making through the Credit Committee. The Credit Committee meets at least 10 times a year.

The Group and Company credit quality has remained stable over the year, partly due to the strategy enhancements, improvements in credit decisioning and processes, and targeted credit tightening in response to market and regulatory changes.

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient liquid resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

The Company's Liquidity Policy is approved by the Board with day-to-day management delegated to the Treasury function which discharges and informs the decision-making through the Group and Company Asset-Liability Committee (ALCO). The ALCO meets at least 10 times per year and reports to the Board (via the Executive Committee).The ALCO is chaired by the Chief Financial Officer, the Chief Executive officer is a member and the Treasurer is deputy chair.

In January 2024, the FCA announced that it intends to review how motor finance firms have implemented a ban, originally introduced back in 2021, on discretionary (variable) commission levels. This announcement does not impact the Company directly. The Company do not pay, and have not paid historically, discretionary commission on our products.

Information on the management of specific financial risks including credit, market, liquidity, interest rate, and capital risks is provided on pages 31 to 32.

STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 of the Companies Act 2006

The directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in section 172(a) – (f) of the Companies Act 2006.

The Board met during the reporting period and received regular updates from management on engagement activities with the Company's key stakeholders including regulators, customers and colleagues. The Board is composed of three directors, all of whom are directors of the ultimate parent company which provides direct investor engagement and ensures that investors' views are considered during the Board's discussion and decisions.

Our purpose, as part of the Vanquis Banking Group, is predicated on our customers and is underpinned by a number of strategic themes and values. These aim to deliver an appropriate balance between the needs of our customers, our regulators, investors and our employees, in order to ensure that we are successful and sustainable for all of our stakeholders. Our stakeholders are individuals or groups who have an interest in, or are affected by, the activities of our business; our key stakeholders are set out in the table below. We seek to engage with them regularly to ensure that we are aware of their views and concerns with regard to a wide range of issues and we do this in a number of ways, as detailed in the below table. By balancing the interests of our stakeholders, lending responsibly, contributing to wider society and ensuring the appropriate corporate governance arrangements are in place, we can maintain a reputation for high standards of business conduct. You can read about how we have generated and preserved value over the long term in the Strategic report.

STRATEGIC REPORT (CONTINUED)

Our Stakeholders and why we engage with them	**How?** (How management and/or directors engaged with and considered our stakeholders)	**What?** (What were the key topics of engagement and consideration)	**Key outcomes and actions** (What was the impact of the engagement and/or consideration?)
Our Customers We engage with our customers to determine whether we are delivering our business activities in accordance with our purpose and ensuring that we deliver good outcomes for them throughout their journey with us. Our customers' interests include access to affordable vehicle finance that meet their needs as well as high quality service.	• Utilising a wide variety of customer engagement methods including, third party research, and complaints monitoring • Customer call listening by the Group's Customer, Culture and Ethics Committee which was fed back to the Company • Monitoring performance against good customer outcomes • Considering the customer experience, customer journeys and outcomes • Designing and implementing policies that protect and support customers • Management reports to the Board on the above methods of engagement and the outcomes of such engagement	• Supporting customers through the cost of living crisis, including forbearance measures • Customer affordability, vulnerability and persistent debt • Customer outcomes aligned with the FCA Consumer Duty • Customer satisfaction, service level agreements, care, service and complaints • Policy suite including, but not limited to, Anti Money Laundering ('AML'), Data Protection, Complaints Handling, Forbearance, Collections, Vulnerable Customers and Financial Promotions • Continued partnership with Stepchange • Access to electronic vehicles	• Enhanced forbearance measures to support customers through the cost-of-living crisis and Board-level oversight over the impact of the crisis on our customers • Management and Board oversight of customer complaints operations, outcomes, strategy and vulnerable customers • Board approved an operational outsourcing arrangement with Teleperformance to improve the quality of service provided to our customers • Partnership with Leasoo for brand new vehicles via personal contract hire

Our Stakeholders and why we engage with them	**How?** (How management and/or directors engaged with and considered our stakeholders)	**What?** (What were the key topics of engagement and consideration)	**Key outcomes and actions** (What was the impact of the engagement and/or consideration?)
Our shareholder The Company is a wholly owned subsidiary of Moneybarn Group Limited, whose ultimate parent is Vanquis Banking Group plc, and as such it is of paramount importance that the Group is kept updated on the Company's progress in delivering the Group's shared purpose, its budget, its strategy, governance, and culture. Direct and regular engagement with our shareholder ensures that the Company has a clear understanding of its role as part of the Group. Our ultimate shareholders' interests include return on investment, long-term growth and good ESG performance.	• Two of the Company Directors are members of the Group Executive Committee • Financial reporting, strategy and common accounting principles are utilised across the Group to provide alignment • The Budget and financial plan are developed as part of the wider Group process • The Group has an aligned corporate governance framework and structure and Group wide Delegated Authorities Matrix • The Group has a centralised Corporate Responsibility team and a Group-wide approach to Corporate Social Responsibility. • Participating in the Group's capital funding plan and contributing to the strenghtening of the Group's capital, liquidity and funding structure.	• Strategy and long-term value creation • Culture and The Vanquis Way values • Financial and operational performance • Harmonisation of risk management to provide a consistent and integrated approach to managing risk across the Group • Corporate governance arrangements and alignment • Corporate responsibility • Interactions with the regulators • Consideration of credit risk and lending policy in the macro-economic environment, specifically arising from the cost-of-living crisis during the year • Operational Resilience • ICAAP and ILAAP process input • Intragroup funding arrangements • Market and competitor landscape	• Business model aligned with the Group's purpose • Board-level oversight over the Group Risk Policy Taxonomy, Group Risk System and Group Enterprise Risk Management function to ensure a consistent approach to risk management across the Group • Group Board and Company Board refreshed their corporate governance framework to support effective decision-making, oversight and accountability • Board approved intra-group funding arrangements to provide more cost-efficient funding across the Group • Input into the Group's Internal Capital Adequacy Assessment Process • Board and Group Board approved budget and operational plan • Board governance manual and aligned delegated authorities matrix

Our Stakeholders and why we engage with them	**How?** (How management and/or directors engaged with and considered our stakeholders)	**What?** (What were the key topics of engagement and consideration)	**Key outcomes and actions** (What was the impact of the engagement and/or consideration?)
Our colleagues To ensure that they understand the Group's purpose and how they can support its delivery, which we believe helps our customer base. To maintain high levels of colleague engagement in order to enable us to attract, retain and develop the talent we need. Our colleagues' interests include: • Career development, remuneration and benefits • Company culture, wellbeing, inclusion and diversity, work life balance • Tools and resources and supporting our customers	• A colleague culture survey was issued halfway through the year and a 'Great Place To Work' survey was issued at the year end • Colleague Forums with representatives from the Company and other businesses across the Group provided two-way engagement between the Group Board and colleagues • Regular Group CEO vlogs and e-communications issued to colleagues on important Group news and updates. • Designated Group Non-Executive Director Colleague Champion plays the lead role in Group Board engagement with employees, understanding and representing employee interests across the Group • The Group has an active, Executive sponsored, inclusion programme • A confidential, externally facilitated whistleblowing line is available for colleagues to raise concerns	• Review of colleague survey results • Culture, purpose, values and behaviours • Group aligned Colleague reward and recognition • Group aligned HR Policies • Training, leadership development and succession planning • Employee engagement • Colleague wellbeing at work • Inclusion and affinity Group pillars such as gender balance, ethnicity, disability and LGBTQ+ • Review of workforce engagement mechanisms	• Colleague survey action plans to address any areas for improvement and celebrate areas of achievement • Collective consultation on the Group's restructure via the Colleague Forums with a number of colleague counter-proposals being accepted. • Launched an online Development Centre for colleagues including information on training, apprenticeships, management leadership and other professional development programmes • Launched the Group's values under The Vanquis Way and linked recognition platform, 'Way to Go, to foster a culture where we say 'thank you' or 'well done' to colleagues who demonstrate our values.

Our Stakeholders and why we engage with them	**How?** (How management and/or directors engaged with and considered our stakeholders)	**What?** (What were the key topics of engagement and consideration)	**Key outcomes and actions** (What was the impact of the engagement and/or consideration?)
Our communities To make a positive difference to the communities we serve in order to improve the lives of our customer base. Our communities' interests include financial education, addressing the key barriers to financial inclusion, social mobility and improving financial awareness.	• Participation in the Group Social Impact Programme that delivers community investment • The Company participated in the Group Customer, Culture and Ethics Committee at which Group-wide community matters are discussed and overseen by the Group Board • Oversight by the Group Board and Customer, Culture and Ethics Committee of community matters and the approach to external engagement regarding the Company's purpose and role in society	• Community contributions and charitable giving • Volunteering • Matched employee fundraising • Relationships with debt charities • Group Social Impact programme	• Group volunteering policy to encourage colleagues to volunteer and make a positive difference in their communities • Group approach to external engagement regarding the Company's purpose and role in society • Matched employee charitable fundraising • The Group Social Impact Programme is aligned to the Group's strategy and purpose and has delivered community investment focused on community, customers and education
Our regulators To plan for regulatory change with greater certainty and confidence, to maintain our reputation as a responsible lender and to maintain our sustainable business model. Our regulators' interests include conduct, compliance and fair treatment of stakeholders.	• Board members and executive management engaged proactively with regulators via regular face to face and telephone meetings throughout the year. • Regulatory risk reporting, including horizon scanning, was carried out and reported to the Company Risk Committee and Board as well as to the Group Executive Committee and Group Risk Committee where appropriate • Regulatory engagement and correspondence was reported to and discussed by the Board via the Company Chief Risk Officer (CRO) and Group CEO • Dialogue and engagement regarding current products, potential products, customer outcomes and digitisation primarily through the Company CRO • Management reports to the Board on the above methods of engagement and the outcomes of such engagement	• Customer vulnerability, • Compliance with Consumer Duty rules to deliver good customer outcomes • Affordability assessments • Our products, our potential products and digitisation • Complaint levels and handling • Compliance with the Senior Management & Certification Regime • Culture • Payment holidays and other forbearance options • Regulatory changes and the potential impact on our business model and processes FCA BiFD Plan including ratification of 2021 BiFD Remediation Plan approach	• Group-wide compliance with the Operational Resilience Regulations, with Board oversight of the project. • Group-wide participation in the Consumer Duty programme, with the Company CRO reporting regularly to the Board on implementation and embedding. • Business model aligned with regulatory expectations • Continued partnership with StepChange • Co-operation with the FCA on Borrowers in Financial Difficulty Project • SMCR ways of working Framework

STRATEGIC REPORT (CONTINUED)

Our Stakeholders and why we engage with them	**How?** (How management and/or directors engaged with and considered our stakeholders)	**What?** (What were the key topics of engagement and consideration)	**Key outcomes and actions** (What was the impact of the engagement and/or consideration?)
Our suppliers To treat our suppliers fairly and develop strong relationships with them which ensure that we only buy products and services from those who operate responsibly and mitigates risk in our supply chain. Our suppliers' interests include sustainable business, long-term partnerships, and prompt payment.	• There is an established due diligence process to manage supply chain-based risks and comply with Company policies and Group policies • There are standardised contractual terms that we attempt to use with all of our suppliers, to reduce contractual risks when contracting under these terms • The Company is a signatory to the Prompt Payment Code, and we publish our Payment Practices Reporting at Companies House • Group Customer, Culture and Ethics Committee reviewed suppliers' feedback on a questionnaire issued by the Group to supply account managers • Consistent engagement through the Group's Supplier Relationship Management Framework	• Prompt payment • Data Protection • Information Security • Environment • Supplier on-boarding and performance • Delegated Authorities • Modern Slavery • Anti-Bribery and Corruption	• Signatories of the Prompt Payment Code • Supplier Relationship Management Framework highlighted supplier performance and enabled joint roadmaps • Compliance with EBA Outsourcing Guidelines • Group Board approved the 2023 Modern Slavery Statement • Group Board approved the Group's policy on Human Rights and Modern Slavery

STRATEGIC REPORT (CONTINUED)

Our Stakeholders and why we engage with them	**How?** (How management and/or directors engaged with and considered our stakeholders)	**What?** (What were the key topics of engagement and consideration)	**Key outcomes and actions** (What was the impact of the engagement and/or consideration?)
Our environment The Company supports and participates in actions related to ensuring that the Group submits reports that are fully consistent with the recommendations and recommended disclosures of the Taskforce on Climate-Related Financial Disclosures ("TCFD"). The Company aims to operate a sustainable business and is committed to tackling climate change. Environmental interests include sustainable business and contributing to tackling climate change.	• The Company utilises and contributes to the Group Environmental Management System (EMS) • The Company participates in the Group Customer, Culture & Ethics Committee at which Group-wide environmental matters are overseen by the Group Board Committee • Execution of activities to support Group achievement of ISO 14001	• Climate change • Environmentally conscious vehicle manufacture • Funding of electric vehicles • A compliance statement published in respect of the recommendations and recommended disclosures of the Task Force on Climate Related Financial Disclosures which complies with the FCA Listing Rule 9.8.6R(8) • Maintenance and compliance with ISO 14001	• Compliance with ISO 14001 • Progress made against environmental targets was included within the non-financial scorecard used by the Group Remuneration Committee to assist in determining the annual bonus pool for executive remuneration • Scope 1 and 2, and 8 out of 15 material scope 3 greenhouse gas emissions (including those associated with products and services procured and downstream leased assets) accounted for and reported across the Group in accordance with the UK Government's Streamlined Energy and Carbon Reporting policy • Submission of science-based carbon reduction targets to the Science-based Carbon Reduction Initiative

Statement regarding section 172 of the Companies Act 2006 (continued)

In all of our Board papers requiring a decision to be taken, there is a section which presenters have to complete asking them to set out the impact/key matters for the Board to consider in relation to the decision in question on the following factors/stakeholders (where not already set out in the body of their paper) – customers; colleagues; suppliers; regulators/government; investors, communities; environment; reputation; long term considerations. This draws attention to all the factors the directors need to take into account when considering their s. 172 Companies Act 2006 duties, even if there is considered to be no material impact in relation to any specific category of consideration.

In making the following principal decision, the Board took into account its duties under s.172 of the Companies Act 2006:

Decision to repay a part of and extend the term of the Company's securitisation facility to secure funding for 18 months

In July 2021, the Company had entered into a private securitisation facility with Natwest Markets and Barclays ('Senior Noteholders') who agreed to provide funding for the Company in return for auto-loan assets.

The Board considered a proposal to extend the facility (£250m) for eighteen months, cancel the undrawn amount (£50m) and repay Natwest part of the loan (£25m) in July 2023.

The Board discussed the decreased commitment (£50m) and repayment (£25m) as being a significant achievement given the capital market conditions. The Board noted that the Company's shareholder Vanquis Banking Group plc board had recommended the cancellation and repayment and delegated finalising the transaction to the Group's Assets and Liabilities Committee based on the liquidity position being adequate to do so. The transaction aligned to the Groups transition into a traditional bank funding mix. The Board confirmed its opinion that the Company would materially benefit from entering into the agreement which would deliver a stable medium-term facility enabling the Company to carefully manage its funding costs helping ensure that customer APRs could be kept at a minimum. It was also considered that the arrangement would likely have a positive impact on the Company's position with the Regulators given it supported sustainable and effective operations.

The Board oversaw that suitable legal and professional advice had been provided regarding the transaction including assurance of the legality of the transaction.

In making this decision, the Board expected the transaction to contribute to the long-term success of the group to the benefit of its stakeholders.

STRATEGIC REPORT (CONTINUED)

Going concern

The Company is partially funded through intercompany loan facilities made available by the ultimate parent company, Vanquis Banking Group plc. As a result, the ability of the company to continue as a going concern is dependent on the ability and intent of its ultimate parent to continue to make funds available to enable the Company to meet its liabilities as they fall due.

In assessing whether the Company is a going concern, the directors have reviewed the Group's corporate plan, as approved in March 2024, in doing so, the Board reviewed detailed forecasts for the three year period to December 2026 and also considered less detailed forecasts for 2027 and 2028. These higher-level outer year forecasts do not contain any information which would cause different conclusions to be reached over the longer-term viability of the Company or Group. The assessment included consideration of the Group's principal risks and uncertainties, with a focus on capital and liquidity.

The directors have also reviewed the Group's stress testing projections which are based on a severe but plausible scenario. The stress test scenario envisages that the UK economy enters a period of stagflation in 2024 with inflation rising to approximately 8.6% and the UK Bank Rate rising to 6.75%. As a result, the UK unemployment rate rises to approximately 8.1%. This shows that the Group is able to maintain sufficient capital headroom above minimum requirements. The directors have reviewed the Group's reverse stress testing projections to the point of non-viability, which concluded that the Group's viability only comes into question under an unprecedented macroeconomic scenario.

Based on this review, the directors are satisfied that the Company has the required resources to continue in business for a period of at least twelve months following the approval of the Company accounts. In addition, due to the Company's position at the period end, the ultimate parent undertaking, Vanquis Banking Group plc, has confirmed its continued support for the Company for a period of at least twelve months from the date of approval of the financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the Company accounts. Further details on the basis of preparation is provided on page 24.

Approved by the Board and signed on behalf of the Board by:

I McLaughlin
Director
23 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with 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 period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONEYBARN NO.1 LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Moneybarn No.1 Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 balance sheet;
- the statement of changes in shareholders' equity;
- the statement of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 18.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONEYBARN NO.1 LIMITED (CONTINUED)

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.

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 framework 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 the 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. These included regulations set by the Financial Conduct Authority (FCA).

We discussed among the audit engagement team including relevant internal specialists such as tax, IT, macroeconomic and credit risk modelling 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 estimation of expected credit losses (ECL) on loans to customers and our procedures performed to address it are described below:

- We obtained an understanding of relevant controls relating to the identification, valuation and recording of expected credit losses.
- In respect of the macroeconomic scenarios applied we involved our economics specialist to assess the appropriateness of the shape of the hazard rate and DTI curves and the respective weightings attached to the curves, whilst also testing the underlying data used in this assessment for completeness and accuracy.
- We benchmarked the underlying unemployment economic variables against various external sources including His Majesty's Treasury forecasts, the Prudential Regulation Authority, the Office for National Statistics, and other available data.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- We involved our credit risk modelling specialists to assist in our assessment and challenge of management's incumbent and new model methodology and assessed the methodology against the requirements of IFRS 9. In performing these procedures, we further considered whether there were any indicators of bias in the methodology applied by management or in the estimation of the amount and timing of expected future cash flows, through a stand back assessment performed on the ECL coverage ratios derived from the models, post the application of the underlay.
- In respect of the underlay from the benefit of the ongoing model refinement with the involvement of our credit risk modelling specialists, we have tested that the methodology changes have been reflected in the creation of the underlay through assessment of the underlying scripts, tested the completeness and accuracy of the data used to form the new models and evaluated management's conclusions regarding the appropriateness of the changes in the current macroeconomic environment.

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, reviewing internal audit reports and reviewing correspondence with the FCA.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONEYBARN NO.1 LIMITED (CONTINUED)

Matters on which we are required to report by exception

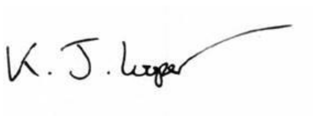
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Kieren Cooper (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
23 April 2024

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2023 £m	2022 £m
Interest income	1	163.1	149.6
Interest expense	2	(50.0)	(43.3)
Net interest margin		**113.1**	**106.3**
Impairment charges	3	(15.2)	(40.8)
Risk-adjusted income		**97.9**	**65.5**
Operating costs		(73.7)	(51.7)
Profit before taxation	3	24.2	13.8
Profit before taxation and exceptional items	3	24.5	13.8
Exceptional items	3	(0.3)	-
Tax charge	4	(5.7)	(2.6)
Profit for the year attributable to equity shareholders		18.5	11.2

There is no other comprehensive income for the year.

All of the above operations relate to continuing operations.

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

BALANCE SHEET

	Note	As at 31 December 2023 £m	As at 31 December 2022 £m (restated*)	As at 1 January 2022 £m (restated*)
ASSETS				
Cash and cash equivalents		4.5	1.4	2.0
Amounts receivable from customers	6	792.2	655.4	595.5
Trade and other receivables	7	210.2	273.6	273.5
Inventories		1.8	1.5	1.7
Property, plant and equipment	8	0.4	-	-
Intangible assets	9	-	-	0.1
Deferred tax assets	11	4.6	5.7	6.5
Total assets		1,013.7	937.6	879.3
LIABILITIES AND EQUITY				
Liabilities				
Trade and other payables	12	889.2	854.3	858.7
Current tax liabilities		4.6	1.8	1.8
Provisions	13	1.4	1.5	-
Total liabilities		895.2	857.6	860.5
Equity attributable to owners of the parent				
Share capital	14	-	-	-
Share premium	14	70.0	50.0	-
Retained earnings		48.5	30.0	18.8
Total equity		118.5	80.0	18.8
Total liabilities and equity		1,013.7	937.6	879.3

*Refer to statement of accounting policies for details of restatement.

The financial statements on pages 20 to 50 were approved and authorised for issue by the Board of directors on 23 April 2024 and signed on its behalf by:

I McLaughlin
Director

D Watts
Director

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £m	Share premium £m	Retained earnings £m (restated*)	Total £m
At 31 December 2021	**-**	**-**	**11.3**	**11.3**
Prior year adjustment*	-	-	7.5	7.5
At 1 January 2022	**-**	**-**	**18.8**	**18.8**
Issue of share capital	-	50.0	-	50.0
Profit and total comprehensive income for the year	-	-	11.2	11.2
At 31 December 2022	-	50.0	30.0	80.0
At 1 January 2023	-	50.0	30.0	80.0
Issue of share capital	-	20.0	-	20.0
Profit and total comprehensive income for the year	-	-	18.5	18.5
At 31 December 2023	**-**	**70.0**	**48.5**	**118.5**

*Refer to statement of accounting policies for details of restatement.

On 3 October 2023, an additional 40 Ordinary shares of £1 each were issued and fully paid by the Company's immediate parent undertaking at a price of £0.5m per share. The Ordinary shares, which are held exclusively by the immediate parent undertaking carry full voting, dividend and capital distribution rights.

In the prior year, an additional 100 Ordinary shares of £1 each were issued and fully paid by the Company's immediate parent undertaking at a price of £0.5m per share. The Ordinary shares, which are held exclusively by the immediate parent undertaking carry full voting, dividend and capital distribution rights.

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2023 £m	2022* £m
Cash flow from operating activities			
Cash used in operations	17	(30.1)	(7.0)
Funding costs paid	2	(11.5)	(0.9)
Net cash used in operating activities		**(41.6)**	**(7.9)**
Cash flow from investing activities			
Purchase of property, plant and equipment	8	(0.4)	-
Net cash used in investing activities		**(0.4)**	**-**
Cash flow from financing activities			
Financing to intermediate holding company	7	75.0	9.0
Financing from Vanquis Bank Limited	12	395.0	70.0
Repayment of financing to Vanquis Bank Limited	12	(64.2)	-
Financing from intermediate holding company	12	(299.0)	(112.7)
Financing to Moneybarn Financing Limited	12	(81.7)	(9.0)
Proceeds of issue of shares	14	20.0	50.0
Net cash generated from financing activities		**45.1**	**7.3**
Net increase/(decrease) in cash and cash equivalents		3.1	(0.6)
Cash and cash equivalents at beginning of year		1.4	2.0
Cash and cash equivalents at end of year		**4.5**	**1.4**

* 2022 cash flows have been reclassified between ‘proceeds from’ and ‘repayments to’ within cash flows from financing activities due to netting down of balances within the prior year.

STATEMENT OF ACCOUNTING POLICIES

General information
The Company is a private limited company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Moneybarn, Athena House, Bedford Road, Petersfield, Hampshire, GU32 3LJ.

Basis of preparation
The financial statements have been prepared in accordance with international accounting standards as adopted by the United Kingdom (UK), International Financial Reporting Standards (IFRSs) and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention. In preparing the financial statements, the directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of the Company's accounting policies.

In assessing whether the Company is a going concern, the directors have reviewed the Group's corporate plan, as approved in March 2024, in doing so, the Board reviewed detailed forecasts for the three year period to December 2026 and also considered less detailed forecasts for 2027 and 2028. These higher-level outer year forecasts do not contain any information which would cause different conclusions to be reached over the longer-term viability of the Company or Group. The assessment included consideration of the Group's principal risks and uncertainties, with a focus on capital and liquidity.

The directors have also reviewed the Group's stress testing projections which are based on a severe but plausible scenario. The stress test scenario envisages that the UK economy enters a period of stagflation in 2024 with inflation rising to approximately 8.6% and the UK Bank Rate rising to 6.75%. As a result, the UK unemployment rate rises to approximately 8.1%. This shows that the Group is able to maintain sufficient capital headroom above minimum requirements. The directors have reviewed the Group's reverse stress testing projections to the point of non-viability, which concluded that the Group's viability only comes into question under an unprecedented macroeconomic scenario.

Based on this review, the directors are satisfied that the Company has the required resources to continue in business for a period of at least twelve months following the approval of the Company accounts. For this reason, the directors continue to adopt the going concern basis in preparing the Company accounts. Accordingly, the financial statements of the Company have been prepared on a going concern basis of accounting.

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

Prior year restatement
In the current year, as part of the Group's continual focus on improving the precision of its IFRS 9 impairment models, it was identified that recovery cash flows were being discounted to the date of default rather than the reporting date. This led to cash flows being discounted too heavily and therefore a higher core model impairment provision being historically recognised. In 2021, this would have resulted in an increase in the Company profit after tax of £7.5m, an increase in receivables of £9.3m and an increase in the current tax liability of £1.8m. The directors consider that a prior period restatement is appropriate and have retrospectively restated the 2022 balance sheet which has result in an increase in receivables of £9.3m, an increase in the current tax liability of £1.8m and a corresponding increase of £7.5m through retained earnings.

Principal accounting policies
The Company's principal accounting policies under International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom (UK), which have been consistently applied to all the years presented unless otherwise stated, are set out below.

The impact of new standards not yet effective and not adopted by the Company from 1 January 2024
There are no new standards not yet effective and not adopted by the Company from 1 January 2024 which are expected to have a material impact on the Company.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Interest income

Interest income comprises interest earned by the Company and includes intra-group transactions. Interest income on customer receivables is recognised using an effective interest rate. The effective interest rate is calculated using estimated cash flows. Interest income is recognised on the gross receivable basis when the Company accounts are in IFRS 9 stages 1 and 2 and on the net receivable for accounts in stage 3. Accounts can only move between stages for interest income recognition purposes at the Company's interim and year-end balance sheet date. Directly attributable acquisition costs within the Company are capitalised as part of receivables and amortised over the expected life of customer accounts as a deduction to interest income.

Interest expense

Interest expense comprises the interest on intra-group arrangements and securitisation and are recognised on an effective interest rate (EIR) basis.

Amounts receivable from customers

The Company is considered a lessor for its conditional sale agreements to customers; however, both interest income and impairment are accounted for under IFRS 9.

Amounts receivable from customers are initially recognised at fair value which represents the amount advanced to the customer plus directly attributable issue costs less an impairment provision for expected losses. The receivables are originated under a business model that intends to collect the contractual cash flows and includes only elements of principal and interest, so are subsequently measured at amortised cost less impairment provisions. The impairment provision recognised is based on the probability of default (PD) within 12 months, the loss given default (LGD) and the exposure at default (EAD). Receivables are subsequently increased by interest income and reduced by cash collections and impairment.

On initial recognition, all accounts are recognised in IFRS 9 stage 1. The account moves to stage 2 when a significant increase in credit risk (SICR) becomes evident, such as a missed payment or a significant increase in PD, but has not defaulted. In absence of other factors indicating SICR, this will occur at 30 days past due. An account moves to stage 3 and is deemed to have defaulted at 90 days past due, when a payment arrangement is initiated, or when other unlikeliness to pay factors arise (such as customer bankruptcy proceedings).

Losses are recognised on inception of a loan based on the probability of a customer defaulting within 12 months. This is determined with reference to historical customer data and outcomes.

An account moves from stage 1 to stage 2 when there has been a SICR or when the customer is assessed as vulnerable. Lifetime losses are recognised for all accounts in stages 2 and 3.

A customer is deemed to have defaulted when they become three monthly payments in arrears or enter into a forbearance arrangement. Customer agreements which have been terminated, either voluntarily, by the customer settling their agreement early, or through the agreement being default terminated, are also included within stage 3.

A customer's debt is written off when they are sold to debt collection agencies.

Customers are moved to IFRS 9 stage 3 and lifetime losses are recognised where forbearance is provided to the customer or alternative payment arrangements are established. Customers under temporary payment arrangements are separately identified according to the type of arrangement. The carrying value of receivables under each type of payment arrangement is calculated using historical cash flows under that payment arrangement, discounted at the original effective interest rate.

Macroeconomic provisions are part of the core model and are recognised to reflect the expected impact of future economic events on a customer's ability to make payments on their agreements and the losses which are expected to be incurred given default. The provisions consider the relationship between hazard rate, the number of people who were employed last month but who are unemployed the following month (derived from unemployment), debt to income ratio and default rates.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Amounts receivable from customers (continued)
No receivables have been derecognised in respect of Moneybarn's securitisation programme. Moneybarn substantially retains all the risks and rewards of the assets, through the mechanisms of the subordinated notes and the right to receive all deferred consideration in respect of the sale of the receivables. As a result, Moneybarn recognises a deemed loan arrangement under "Amounts owed to Moneybarn Financing Limited" representing amounts receivable from Moneybarn Financing Limited for the purchase of the receivables and is shown net of the amounts of subordinated notes issued to the Company by Moneybarn Financing Limited.

Included within amounts receivable from customers is amounts in relation to receivables classified as purchased or originated as credit impaired ('POCI') under IFRS 9. For financial assets that were impaired on initial recognition, a credit adjusted effective interest rate is calculated using estimated future cash flows, including expected credit losses. Interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. Collection activity costs are not included in the amortised cost of the assets, but are included in impairment charges in the Statement of comprehensive income, and are recognised as incurred, in common with other business' in the sector. For such financial assets the calculation of interest income will never revert to a gross basis, even if the credit risk of the asset improves.

Exceptional items
Exceptional items are items which the directors consider should be disclosed separately to enable a full understanding of the Company's results. An exceptional item needs to meet at least two of the following criteria:

– the financial impact is material;
– it is one-off and not expected to recur; and
– it is outside the normal course of business.

Examples include, but are not limited to, costs arising from redundancy, acquisition or restructuring activities. Management may also apply judgement to determine whether an item should be classified as an exceptional item and be an allowable adjustment to a statutory measure.

Intangible assets
Intangible assets represent the costs incurred to acquire or develop computer software and bring it into use. Directly attributable costs include the cost of software development employees and an appropriate portion of relevant directly attributable overheads.

Computer software and computer software development costs are amortised on a straight-line basis over their estimated useful economic life which is generally estimated to be between three and ten years. Amortisation is charged to the statement of comprehensive income as part of operating costs. The residual values and economic lives of intangible assets are reviewed by management at each balance sheet date.

Inventories
Inventories consist of vehicles brought back into stock after the termination of the conditional sale agreements with customers, valued at the expected auction proceeds net of auction costs.

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

Trade and other receivables and payables
Trade and other receivables and payables are held at amortised cost. Trade and other receivables are assessed for impairment at the balance sheet date based on lifetime expected credit loss (ECL).

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment
Property, plant and equipment is shown at cost less accumulated depreciation and impairment.

Cost represents invoice cost plus any other costs that are directly attributable to the acquisition of the items. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated to write down assets to their estimate realisable values over their useful economic lives. The following principal bases are used:

	%	Method
Contract Hire Vehicles	33.3	Straight line

The residual values and useful economic lives of all assets are reviewed, and adjusted if appropriate, at each balance sheet date.

All items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use or its fair value less costs to sell.

Gains and losses on disposal of property, plant and equipment are determined by comparing any proceeds with the carrying amount of the asset and are recognised within administrative costs in the Statement of comprehensive income. Depreciation is charged to the Statement of comprehensive income as part of operating costs.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Taxation
The tax charge represents the sum of current and deferred tax. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from profit before taxation as reported in the Statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is also provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities
Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised in the balance sheet but information about them is disclosed unless the possibility of any economic outflow in relation to settlement is remote.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements and sources of estimation uncertainty
In applying the accounting policies set out above, the Company make judgements (other than those involving estimates) that have a significant impact on the amounts recognised and to make estimates and assumptions that affect the reported amounts of assets and liabilities. The estimates and judgements are based on historical experience, actual results may differ from these estimates.

Amounts receivable from customers (note 6)
(£792.2m (2022 restated: £655.4m)

Critical accounting assumptions

The Company reviews amounts receivable from customers for impairment at each balance sheet date. For the purposes of assessing the impairment, customers are categorised into IFRS 9 stages and cohorts which are considered to be the most reliable indication of future payment performance. The determination of expected credit losses involves complex modelling techniques and requires management to apply significant judgements to calculate expected credit losses. The most critical judgements are outlined below.

The determination of the significant increase in credit risk (SICR) thresholds to be used in the model required management judgement to optimise the performance and therefore effectiveness of the staging methodology. Assessments are made to determine whether there is objective evidence of SICR which indicates there has been an adverse effect on probability of default (PD). A SICR for customers is when there has been a significant increase in behavioural score or when one contractual monthly payment has been missed.

For the purpose of IFRS9, default is assumed when three contractual repayments have been missed.

The Company's impairment model is subject to periodic monitoring, independent validation and back testing performed on model components, including probability of default, exposure at default and loss given default to ensure management judgements remain appropriate.

Limitations in the Company's impairment models or data inputs may be identified through the ongoing assessment and validation of the output of the models. In these circumstances, management makes appropriate adjustments to the Company's allowance for impairment losses to ensure that the overall provision adequately reflects all material credit risks. These adjustments are determined by considering the particular attributes of exposures which have not been adequately captured by the impairment models and range from changes to model inputs and parameters, at account level, through to more qualitative post-model adjustments. Those changes applied to model inputs and parameters are deemed to be in-model adjustments; more qualitative changes that have a higher degree of management judgement are deemed to be post-model adjustments. All adjustments are reviewed quarterly and are subject to internal review and challenge to ensure that amounts are appropriately calculated.

During the year, the Company have refined and recalibrated the impairment provisioning model to better reflect the evolving receivables mix. This led to a release of the impairment provision of £47.0m, which has been recognised as a model underlay. A breakdown of the in-model and post-model overlays is included within note 6. Credit performance remains stable and internal analysis shows no obvious signs of credit quality deterioration.

Macroeconomic impairment provision adjustments are recognised in the core model to reflect an increased PD, based on future macroeconomic scenarios. These provisions reflect the potential for future changes in hazard rate, the number of people who were employed last month but who are unemployed the following month (derived from unemployment), and debt to income ratio.

Management judgement was required to determine the appropriate macroeconomic indicators to be used in the model by assessing their correlation with credit losses incurred by the business. Unemployment is judged to be a key macroeconomic indicator as analysis has clearly evidence a correlation between changes in unemployment and credit losses incurred by the business.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Key sources of estimation uncertainty
The level of impairment recognised is calculated using models which utilise historical payment performance to generate the estimated amount and timing of future cash flows from each cohort of customers in each arrears stage. The model is regularly monitored to ensure they retain sufficient accuracy. Sensitivity analysis has been performed in note 6 which shows the impact of a 1% movement of gross exposure into stage 2 from stage 1 on the allowance accounts.

The unemployment data used in the macroeconomic provisions has been compiled from a consensus of sources including the Bank of England, HM Treasury, the Office for Budget Responsibility (OBR), Bloomberg and a number of prime banks. These estimates are used to derive base case, upside, downside and severe scenarios.

The table below shows the scenario five-year peak and average unemployment assumptions adopted and the weightings applied to each.

Scenario for year ended 2023	Base	Upside	Downside	Severe
Weighting	60%	15%	20%	5%
2024	4.5%	3.9%	4.8%	5.1%
2025	4.7%	3.7%	6.1%	7.5%
2026	4.7%	4.2%	6.2%	8.0%
2027	4.7%	4.3%	5.5%	6.6%
2028	4.7%	4.4%	5.2%	5.8%
Five-year peak	4.8%	4.5%	6.4%	8.4%
Scenario for year ended 2022	**Base**	**Upside**	**Downside**	**Severe**
Weighting	50%	10%	35%	5%
2023	4.1%	3.4%	4.2%	4.6%
2024	4.7%	3.6%	5.8%	7.4%
2025	4.8%	4.3%	6.3%	8.2%
2026	4.8%	4.5%	5.5%	6.8%
2027	4.8%	4.5%	5.1%	6.0%
Five-year peak	4.8%	4.5%	6.5%	8.6%

Weightings applied to the macroeconomic assumptions were reviewed and updated at the December 2023 Assumptions Committee meeting, to more appropriately reflect management's view of exposure to changes in the projected macroeconomic environment.

Sensitivity analysis has been performed on the weightings which show that changing the weightings would not have a material impact on the allowance account.

Whilst the forward-looking nature of IFRS 9 requires provisions to be established for all losses arising, the level of uncertainty may mean that additional impairment provision, or releases, may be required in future periods.

FINANCIAL AND CAPITAL RISK MANAGEMENT

An overview of the Group's risk management framework can be found in the annual report and financial statements of Vanquis Banking Group plc, which do not form part of this report and are available on the Group's website.

(a) Credit risk

Credit risk is the risk that the Company will suffer loss in the event of a default by a customer, a bank counterparty or the UK Government. A default occurs when the customer or a bank fails to honour repayments as they fall due. For further detail on the Company's write-off policy please refer to page 25.

(i) Amounts receivable from customers

The Company's maximum exposure to credit risk on amounts receivable from customers as at 31 December 2023 is the carrying value of amounts receivable from customers of £792.2m (2022 restated: £655.4m). The Risk Committee is responsible for setting the credit policy. The Chief Risk Officer (CRO) is responsible for ensuring that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy. The CRO discharges and informs this decision making through the Credit Committee. The Group Credit Committee meets at least 10 times a year.

A customer's credit risk profile and credit line are evaluated at the point of application. Internally generated scorecards based on historical payment patterns and other behavioural characteristics of customers are used to assess the applicant's potential default risk and their ability to manage a specific credit line. For new customers, the scorecards incorporate data from the applicant and sourced from external credit bureaux. Certain policy rules including customer profile, proposed loan size and vehicle type are also assessed in the decisioning process, as well as affordability checks to ensure that, at the time of application, the loan repayments are affordable. For existing customer lending, the scorecards also incorporate data on actual payment performance and product utilisation, together with data sourced from an external credit bureau each month to refresh customers' payment performance position with other lenders.

Arrears management is conducted by way of a combination of letters, inbound and outbound telephony, SMS, email and outsourced debt collection agency activities. Contact is made with the customer to discuss the reasons for non-payment and specific strategies are employed to support the customer in returning to a good standing and retaining use of the vehicle. These include appropriate forbearance arrangements, or where the contract has become unsustainable for the customer, then an appropriate exit strategy is implemented.

(ii) Counterparty risk

The Company's maximum exposure to credit risk on bank counterparties as at 31 December 2023 was £4.5m (2022: £1.4m).

Counterparty credit risk arises as a result of cash deposits and collateral placed with banks. Counterparty credit risk is managed by the Group's Assets and Liabilities Committee (ALCO) and is governed by a Board-approved Counterparty policy which ensures that the Group's cash deposits and derivative financial instruments are only made with high-quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating. In addition, there is a maximum exposure limit for all institutions, regardless of credit rating. This is linked to the Group's regulatory capital base in line with the Group's regulatory reporting requirements on large exposures to the Prudential Regulation Authority (PRA).

(b) Liquidity risk

Liquidity risk is the risk that the Company will have insufficient liquid resources available to fulfil its operational plans and to meet its financial obligations as they fall due. The Company's funding is provided by a mixture of retained earnings and intra-group borrowings from within the Group.

Liquidity risk is managed on a day-to-day basis by the Group's centralised Treasury function, under the supervision of ALCO and in accordance with a Board-approved Group Funding and Liquidity Policy, which is designed to ensure that the Group is able to continue to fund the growth of the business. The overall responsibility for the management of liquidity risk rests with ALCO, which makes recommendations for the Group's liquidity policy for Board approval. ALCO monitors liquidity risk metrics within limits set by the Board, including meeting regulatory requirements.

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)
In November 2022, the PRA approved the Group's application for a Core UK Group waiver. The application allows the Group to leverage its existing access to retail deposit funding, through Vanquis Bank Ltd, to fund all lending products going forwards, including Moneybarn No1 Limited.

The Group continues to adopt a prudent approach to managing its funding and liquidity resources within risk appetite and will optimise these resources when new opportunities become available to the Group.

A maturity analysis of the undiscounted contractual cash flows of the Group's bank and other borrowings is set out in the annual report and financial statements of Vanquis Banking Group plc.

(c) Interest rate risk
Interest rate risk is the current or prospective risk to capital or earnings arising from adverse movements in interest rates. Primarily, the group is at risk of a change in external interest rates which leads to an increase in the Group's cost of borrowing without an offsetting increase in revenue.

The Group's exposure to movements in interest rates is managed by the Asset Liability Committee (ALCO) and is governed by a Group Board approved Market Risk Policy which forms part of the Group's treasury policies. Interest rates in the UK which are impacted by factors outside of the Group's control, including the fiscal and monetary policies of the UK Government and central bank, as well as UK and international political and economic conditions, affect the Group's results, profitability and consequential return on capital in three principal areas: cost and availability of funding, margins and revenues and impairment levels.

The principal market-set interest rate used by the Group's and Bank's lenders is the Sterling Overnight Index Average (SONIA). The SONIA index tracks the sterling overnight indexed swaps for unsecured transactions in the market. SONIA is the risk-free borrowing rate which is used to set rates for certain borrowings and swaps.

The Group has adopted the standard methodology measurement of interest rate risk. The Group measures and monitors the following market risk drivers under the interest rate risk in the banking book (IRRBB) framework through which risk exposure may arise.

(d) Market risk
Market risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market prices. The Group's exposure to market risk is primarily through interest rate risk. These exposures arise solely through the Group's duration mismatches between its lending and funding activities. The Group's corporate policies do not permit it or the Company to undertake position taking or to run a trading books of this type and therefore neither it or the Company does so.

(e) Capital risk
Capital risk is managed by the Group's centralised treasury department. The Group manages capital risk by focussing on capital efficiency and effective risk management. This takes into account the requirements of a variety of different stakeholders including shareholders, policyholders, regulators and rating agencies. A more detailed explanation of the management of capital risk can be found in the annual report and financial statements of Vanquis Banking Group plc within the Pillar 3 disclosures document which do not form part of this report and are available on the Groups website.

NOTES TO THE FINANCIAL STATEMENTS

1 Interest income

	2023 £m	2022 £m
Interest income from customer receivables	152.3	140.6
Interest income from loan to intermediate holding company	10.8	9.0
Total Interest income	**163.1**	**149.6**

Interest income from customer receivables comprises £180.8m (2022: £160.8m) net of the amortisation of deferred broker commissions of £28.5m (2022: £20.2m), plus interest income from the loan to the intermediate holding company of £10.8m (2022: £9.0m).

Management regard the business as one operating segment. All interest income is from UK operations.

2 Interest expense

	2023 £m	2022 £m
Interest payable to intermediate holding company	27.3	34.2
Interest payable to Moneybarn Financing Limited	11.2	8.2
Interest payable to Vanquis Bank Limited	11.2	0.9
Commitment fee payable to Vanquis Bank Limited	0.3	-
Total Interest expense	**50.0**	**43.3**

3 Profit before taxation

	2023 £m	2022 £m
Profit before taxation is stated after charging:		
Impairment of amounts receivable from customers (note 6)	15.2	40.8

Fellow subsidiary undertakings have recharged certain operating costs to the Company of £51.0m (2022: £41.4m) in respect of services provided.

Auditor’s remuneration to Deloitte LLP in respect of the audit of the financial statements was £0.7m (2022: £0.5m). Auditor’s remuneration to Deloitte LLP in respect of other services was £nil (2022: £nil).

Exceptional items	2023 £m	2022 £m
Indemnity payments	0.3	-
Total exceptional items	**0.3**	**-**

The exceptional costs of £0.3m (2022: £nil) recognised in the current year relate to contractual indemnity payments made in relation to outsourcing certain activities to a third party.

4 Tax charge

Tax charge in the Statement of comprehensive income	2023 £m	2022 £m
Current tax	4.6	1.8
Deferred tax (note 11)	1.1	0.8
Total tax charge	**5.7**	**2.6**

The rate of tax charge (2022: tax charge) on the profit before taxation for the year is equal to (2022: equal to) the average standard rate of corporation tax in the UK of 23.5% (2022: 19%). This can be reconciled as follows:

	2023 £m	2022 £m
Profit before taxation	24.2	13.8
Profit before taxation multiplied by the average standard rate (2022: standard rate) of corporation tax in the UK of 23.5% (2022: 19%)	5.7	2.6
Total tax charge	**5.7**	**2.6**

5 Employee information and directors' remuneration

The Company has no employees. The emoluments of previous directors were paid by Moneybarn Limited, a fellow subsidiary, which makes no specific recharge to the Company (2022: no specific recharge) in relation to the directors. It is not possible to make an accurate apportionment of their services in relation to the Company. The emoluments of these directors are disclosed in the financial statements of Moneybarn Limited.

The directors’ emoluments of I McLaughlin, D Watts and G Cronin are paid and disclosed by the ultimate parent company, Vanquis Banking Group plc.

6 Amounts receivable from customers

Amounts receivable from customers comprises £736.2m (2022 restated: £611.1m) of customer receivables plus deferred broker commissions of £56.0m (2022: £44.3m).

Ageing analysis of amounts receivable from customers	2023 £m	2022 £m (restated)
Amounts due within one year	230.3	184.0
Amounts due in more than one year	561.9	471.4
Total	**792.2**	**655.4**

The gross amounts receivable from customers and allowance account which form the net amounts receivable from customers including deferred broker commissions of £56.0m (2022: £44.3m) is as follows:

	2023 £m	2022 £m (restated)
Gross amounts receivable from customers	1,144.2	972.3
Allowance account	(352.0)	(316.9)
Net amounts receivable from customers	**792.2**	**655.4**

Amounts receivable from customers are held at amortised cost and are equal to the expected future cash flows discounted at the EIR. The average EIR for the year ended 31 December 2023 was 27% (2022: 29%).

No finance agreements entered into have a term greater than five years (2022: none over five years). The average period to maturity of the amounts receivable from customers is 35 months (2022: 35 months).

The below receivables tables have been represented from prior year to show a more granular level of detail and to net down receivables classified as purchased or originated as credit impaired under IFRS 9.

6 Amounts receivable from customers (continued)

Amounts receivable from customers can be reconciled as follows:

2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Gross carrying amount:	**351.0**	**169.3**	**452.0**	**972.3**
Originations	381.6	-	-	381.6
Transfers due to changes in credit risk:				
- from stage 1 to stage 2	(159.0)	159.0	-	-
- from stage 1 to stage 3	(129.5)	-	129.5	-
- from stage 2 to stage 1	18.6	(18.6)	-	-
- from stage 2 to stage 3	-	(59.4)	59.4	-
- from stage 3 to stage 1	11.9	-	(11.9)	-
- from stage 3 to stage 2	-	18.8	(18.8)	-
Write-offs	-	-	(9.7)	(9.7)
Repayments	(160.7)	(78.7)	(131.6)	(371.0)
Interest Income	66.5	34.1	51.7	152.3
Other movements	11.3	0.3	7.1	25.5
At 31 December	**391.7**	**224.8**	**527.7**	**1,144.2**
Allowance account:				
At 1 January	**15.9**	**25.8**	**275.2**	**316.9**
Movements through Statement of comprehensive income:				
Originations	64.4	-	-	64.4
Transfers due to changes in credit risk				
- from stage 1 to stage 2	(21.2)	23.1	-	1.9
- from stage 1 to stage 3	(34.4)	-	46.4	12.0
- from stage 2 to stage 1	0.9	(3.2)	-	(2.3)
- from stage 2 to stage 3	-	(11.6)	20.6	9.0
- from stage 3 to stage 1	0.3	-	(2.1)	(1.8)
- from stage 3 to stage 2	-	1.8	(3.8)	(2.0)
Remeasurements within Existing Stage	(5.6)	(5.3)	18.2	7.3
Post-model overlays	(2.1)	(3.6)	(43.2)	(48.9)
Write offs	-	-	8.6	8.6
Derecognition of Stage 3 interest	-	-	(33.9)	(33.9)
Recoveries	-	-	1.7	1.7
Revaluations	-	-	(4.4)	(4.4)
Other movements	-	-	3.6	3.6
Total amount recorded in impairment charges	**2.3**	**1.2**	**11.7**	**15.2**
Movements through allowance account:				
Write offs	-	-	(9.7)	(9.7)
Derecognition of Stage 3 interest	-	-	33.9	33.9
Other changes	-	-	(4.3)	(4.3)
Allowance account at 31 December	**18.2**	**27.0**	**306.8**	**352.0**
Reported amounts receivable from customers at 31 December	**373.5**	**197.8**	**220.9**	**792.2**
Reported amounts receivable from customers at 1 January	335.1	143.5	176.8	655.4

6 Amounts receivable from customers (continued)

Amounts receivable from customers can be reconciled as follows:

2022 (restated)	Stage 1 £m	Stage 2 £m	Stage 3* £m	Total* £m
Gross carrying amount:	**350.2**	**112.9**	**378.6**	**841.7**
Originations	325.5	-	-	325.5
Transfers due to changes in credit risk:				
- from stage 1 to stage 2	(132.8)	132.8	-	-
- from stage 1 to stage 3	(126.6)	-	126.6	-
- from stage 2 to stage 1	10.2	(10.2)	-	-
- from stage 2 to stage 3	-	(48.5)	48.5	-
- from stage 3 to stage 1	11.1	-	(11.1)	-
- from stage 3 to stage 2	-	12.1	(12.1)	-
Write-offs	-	-	(3.1)	(3.1)
Repayments	(160.5)	(56.7)	(143.8)	(361.0)
Interest Income	62.8	25.8	52.0	140.6
Other movements	11.1	1.1	16.4	28.6
At 31 December	**351.0**	**169.3**	**452.0**	**972.3**
Allowance account:				
At 1 January	**14.3**	**15.8**	**216.1**	**246.2**
Movements through Statement of comprehensive income:				
Originations	54.3	-	-	54.3
Transfers due to changes in credit risk				
- from stage 1 to stage 2	(19.8)	21.2	-	1.4
- from stage 1 to stage 3	(28.7)	-	41.1	12.3
- from stage 2 to stage 1	0.3	(1.3)	-	(1.0)
- from stage 2 to stage 3	-	(8.8)	15.7	6.9
- from stage 3 to stage 1	0.2	-	(2.0)	(1.8)
- from stage 3 to stage 2	-	1.1	(2.4)	(1.3)
Remeasurements within Existing Stage	(5.1)	(3.4)	4.0	(4.5)
Post-model overlays	-	(0.5)	-	(0.5)
Write offs	-	-	11.9	11.9
Derecognition of Stage 3 interest	-	-	(33.8)	(33.8)
Recoveries	-	-	1.8	1.8
Revaluations	-	-	(4.2)	(4.2)
Other movements	0.4	1.7	(2.9)	(0.8)
Total amount recorded in impairment charges	**1.6**	**10.0**	**29.2**	**40.8**
Movements through allowance account:				
Write offs	-	-	(3.1)	(3.1)
Derecognition of Stage 3 interest	-	-	33.8	33.8
Other changes	-	-	0.8	0.8
Allowance account at 31 December	**15.9**	**25.8**	**275.2**	**316.9**
Reported amounts receivable from customers at 31 December	**335.1**	**143.5**	**176.8**	**655.4**
Reported amounts receivable from customers at 1 January	335.9	97.1	162.5	595.5

6 Amounts receivable from customers (continued)

*During 2023, an error in the ECL model was identified, and management has raised a prior period restatement for this item. Remediation of this had an impact of a £9.3m decrease of the allowance account opening position as at 1 January 2022.

Other changes within gross receivables include the capitalisation of broker costs.

Included within receivables is £2.1m (2022: £2.8m) in relation to receivables classified as purchased or originated as credit impaired (POCI) under IFRS 9.

Vehicles are held as collateral against a vehicle finance conditional sale agreement until it is repaid in full. The impact of holding the collateral of £350.4m (2022: £453.4m) on the allowance account as at 31 December 2023 was £54.3m (2022: £54.7m), representing 85% (2022: 88%) of the balance.

Gross receivables are stated net of unearned finance income of £364.5m (2022: £337.5m).

An increase of 1% of the gross exposure into stage 2 from stage 1 would result in an increase in the allowance account of £0.3m (2022: £0.3m) based on applying the difference between the coverage ratios from stage 1 to stage 2 to the movement in gross exposure.

The loans provided by the Company are secured against vehicles. The recovery and sale of the vehicle can be a significant recovery which can be used to offset any losses incurred because of defaulted contracts. The future valuation of vehicles feeds into the impairment model to calculate the expected recovery amount from sale.

6 Amounts receivable from customers (continued)

A breakdown of the in-model and post-model overlays the Company is shown below:

	2023 £m	2022 (restated) £m
Core model	403.4	319.4
New model underlay (note (a))	(47.0)	-
Post-model overlays	(4.4)	(2.5)
Total allowance account	**352.0**	**316.9**

	2023 £m	2022 £m
Post-model overlays:		
Fraud (note (b))	(5.2)	(3.0)
Cost-of-living (note (c))	-	0.5
BiFD (note (d))	0.8	-
Total post-model overlays	**(4.4)**	**(2.5)**
Total overlays	**(51.4)**	**(2.5)**

(a) New Model underlay

Throughout 2023 the Company, in line with its ongoing commitment to continue to enhance the quality and accuracy of expected credit loss modelling, has taken steps to refine and re-calibrate the IFRS 9 model resulting in a release of £47.0m across the portfolio. Enhanced segmentation, refreshed data calibration, and a refinement to model input parameters has indicated the need for a model rebuild underlay as at December 2023. The resultant level of ECL provision is considered to more accurately reflect the Company's current exposure to credit risk and takes into account how the receivables mix has evolved throughout recent months. It is expected that the new model underlay will be retired when the incumbent IFRS 9 model is substituted with the new IFRS 9 model during H1 2024.

(b) Fraud

The fraud overlay represents a cohort of live accounts within the vehicle finance portfolio that have been identified as fraud customers. There is a corresponding adjustment within gross receivables for these accounts.

(c) Cost-of-living

A cost-of-living overlay was fully released in 2023. The cost-of-living overlay was initially raised in 2021 due to rising inflation and higher energy costs, which might have impacted customers' ability to make repayments. The actual effect on the customers' ability to make repayments was closely monitored since, however the underlying credit metrics of the book remained stable and showed no signs of significant increase in credit risk. In 2023, both the inflation and energy costs started stabilising and management decided to gradually release the overlay with full release by the end of 2023.

(d) Borrowers in Financial Difficulty (BiFD)

A BiFD overlay has been recognised for a selection of customer accounts that are deemed to be borrowers in financial difficulty.

6 Amounts receivable from customers (continued)

Internal rating scales

A breakdown of the gross receivables by internal credit risk rating is shown below:

Internal rating values				**2023**
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Good quality	127.9	46.3	-	174.2
Satisfactory quality	229.9	87.3	-	317.2
Lower quality	32.5	29.5	-	62.0
Below standard	1.4	61.7	527.7	590.8
Gross carrying amount	**391.7**	**224.8**	**527.7**	**1,144.2**

Internal rating values				**2022**
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Good quality	145.9	20.6	-	166.5
Satisfactory quality	174.1	59.7	-	233.8
Lower quality	30.1	38.6	-	68.7
Below standard	0.9	50.4	452.0	503.3
Gross carrying amount	**351.0**	**169.3**	**452.0**	**972.3**

Internal credit risk rating is based on the internal credit score of a customer at the balance sheet date.

7 Trade and other receivables

	2023 £m	2022 £m
Prepayments and accrued income	0.8	0.5
Other receivables including amounts due to the company for taxation and social security	0.8	0.3
Amounts due from intermediate holding company	208.6	272.8
Total	210.2	273.6

There are no amounts past due in respect of trade and other receivables that are impaired (2022: £nil).

The maximum exposure to credit risk of trade and other receivables is the carrying value of each class of receivable set out above.

There is no collateral held in respect of trade and other receivables (2022: £nil).

Amounts due from the intermediate holding company comprise the proceeds of the securitisation of the Company's receivables which were initially loaned to the ultimate parent under an upstream loan. The loan was subsequently novated to the intermediate holding company in 2020. Interest is charged on the upstream loan at a rate which broadly represents the costs of the securitisation. The amounts due have been assessed for impairment under IFRS 9. The Company has assessed the estimated credit losses and as a result of which there has been no impairment charge recognised.

8 Property, plant and equipment

	Contract Hire Vehicles	
	2023 £m	2022 £m
Cost		
At 1 January	-	-
Additions	0.4	-
At 31 December	0.4	-
Accumulated depreciation		
At 1 January	-	-
Charged to the statement of comprehensive income	-	-
At 31 December	-	-
Net book value at 31 December	0.4	-
Net book value at 1 January	-	-

Depreciation of property, plant and equipment charged to the statement of comprehensive income in the year amounted to £13,000 (2022: £nil).

9 Intangible assets

	Computer software	
	2023	2022
	£m	£m
Cost		
At 1 January	-	0.2
Additions	-	-
Disposals	-	(0.2)
At 31 December	-	-
Accumulated amortisation		
At 1 January	-	0.1
Charged to the Statement of comprehensive income	-	-
Disposals	-	(0.1)
At 31 December	-	-
Net book value at 31 December	-	-
Net book value at 1 January	-	0.1

Disposals in the year had a net book value of £nil (2022: £0.1m) and related proceeds of £nil (2022: £nil). The loss on disposals was £nil (2022: £0.1m).

10 Financial instruments

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

31 December 2023	Financial instruments at FVTPL £m	Financial instruments at amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Cash and cash equivalents	-	4.5	-	4.5
Amounts receivable from customers	-	792.2	-	792.2
Trade and other receivables	0.4	209.0	0.8	210.2
Inventories	-	-	1.8	1.8
Property, plant and equipment	-	-	0.4	0.4
Intangible assets	-	-	-	-
Deferred tax assets	-	-	4.6	4.6
Total assets	**0.4**	**1,005.7**	**7.6**	**1,013.7**
Liabilities				
Trade and other payables	-	889.2	-	889.2
Current tax liabilities	-	-	4.6	4.6
Provisions	-	-	1.4	1.4
Total liabilities	**-**	**889.2**	**6.0**	**895.2**

31 December 2022 (restated)	Financial instruments at FVTPL £m	Financial instruments at amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Cash and cash equivalents	-	1.4	-	1.4
Amounts receivable from customers	-	655.4	-	655.4
Trade and other receivables	-	273.1	0.5	273.6
Inventories	-	-	1.5	1.5
Intangible assets	-	-	-	-
Deferred tax assets	-	-	5.7	5.7
Total assets	**-**	**929.9**	**7.7**	**937.6**
Liabilities				
Trade and other payables	-	854.3	-	854.3
Current tax liabilities	-	-	1.8	1.8
Provisions	-	-	1.5	1.5
Total liabilities	**-**	**854.3**	**3.3**	**857.6**

The carrying value for all financial assets represents the maximum exposure to credit risk.

11 Deferred tax

Deferred tax is a future tax liability or asset resulting from temporary differences between the accounting value of assets and liabilities and their value for tax purposes.

Deferred tax arises primarily in respect of: (a) the opening balance sheet adjustments to restate the IAS 39 balance sheet onto an IFRS 9 basis for which tax deductions are available over 10 years; and (b) other temporary differences.

Deferred tax balances at 31 December 2023 and movements in deferred tax balances during the year have been measured at 25% (2022: 25%).

Asset	2023 £m	2022 £m
At 1 January	5.7	6.5
Charge to the Statement of comprehensive income (note 4)	(1.1)	(0.8)
At 31 December	4.6	5.7

An analysis of the deferred tax asset for the Company is set out below:

Asset			2023
	IFRS 9 £m	Other temporary differences £m	Total £m
At 1 January	5.6	0.1	5.7
Charge to the Statement of comprehensive income	(1.1)	-	(1.1)
At 31 December	4.5	0.1	4.6

Asset			2022
	IFRS 9 £m	Other temporary differences £m	Total £m
At 1 January	6.4	0.1	6.5
Charge to the Statement of comprehensive income	(0.8)	-	(0.8)
At 31 December	5.6	0.1	5.7

At 31 December 2023, there are no (2022: no) deductible temporary differences or carried forward tax losses in Moneybarn No.1 Limited for which a deferred tax asset is not provided.

12 Trade and other payables

Current liabilities	2023 £m	2022 £m
Trade payables	1.0	0.5
Amounts owed to fellow subsidiary undertakings	56.0	10.3
Amounts owed to Vanquis Bank Limited	400.8	70.0
Amounts owed to intermediate holding company	246.7	518.4
Amounts owed to Moneybarn Financing Limited	179.3	249.8
Accruals	5.4	5.3
Total	**889.2**	**854.3**

The fair value of trade and other payables equates to their book value (2022: fair value equated to book value). Amounts owed to fellow subsidiary undertakings are unsecured, due for repayment in less than one year and do not accrue interest.

Amounts owed to the intermediate holding company accrue interest linked to the monthly weighted average cost of funds of the ultimate parent undertaking plus a margin.

Amounts owed to Moneybarn Financing Limited represents amounts received for the purchase of the Company's receivables by Moneybarn Financing Limited as part of the securitisation of the Company's receivables which is accounted for as a deemed loan. The amount is shown net of the amount of subordinated notes issued to the Company by Moneybarn Financing Limited. Finance charges under the deemed loan represent the costs of the securitisation.

13 Provisions

Provisions	2023 £m	2022 £m
At 1 January	1.5	-
Created in the year	7.2	2.3
Utilised in the year	(7.3)	(0.5)
Released in the year	-	(0.3)
Total	**1.4**	**1.5**

The customer compliance provision relates to general customer compliance matters and includes an element to cover spurious, speculative complaints submitted by claims management companies.

14 Share capital and share premium

	2023 Authorised	2023 Issued and fully paid	2022 Authorised	2022 Issued and fully paid
Ordinary shares of £1 each	-	142	-	102
Number of shares	-	142	-	102

There are no shares issued and not fully paid at the end of the year (2022: no shares).

The Ordinary shares, which are held exclusively by the immediate parent undertaking carry full voting, dividend and capital distribution rights.

On 3 October 2023, an additional 40 Ordinary shares of £1 each were issued and fully paid by the Company's immediate parent undertaking at a price of £0.5m per share. The difference of £20.0m between the par value of the shares issued and the issue price has been recognised in Share premium.

15 Related party transactions

Details of the transactions between the Company and other group undertakings, which comprise management recharges and interest charges or credits on intra-group balances, along with any balances outstanding at 31 December are set out below:

2023	Management recharge £m	Interest charge £m	Interest credit £m	Owed balance £m	Outstanding balance £m
Intermediate holding company	-	(27.3)	10.8	208.6	(246.7)
Other subsidiaries of the ultimate parent undertaking:					
Moneybarn Financing Limited	-	(11.2)	-	-	(179.3)
Moneybarn Limited	51.0	-	-	-	(56.0)
Vanquis Bank Limited	-	(11.2)	-	-	(400.8)

2022	Management recharge £m	Interest charge £m	Interest credit £m	Owed balance £m	Outstanding balance £m
Intermediate holding company	-	(34.2)	9.0	272.8	(518.4)
Other subsidiaries of the ultimate parent undertaking:					
Moneybarn Financing Limited	-	(8.2)	-	-	(249.8)
Moneybarn Limited	41.4	-	-	-	(10.2)
Vanquis Bank Limited	-	(0.9)	-	-	(70.0)
PFG Corporate Services Limited	-	-	-	-	(0.1)

15 Related party transactions (continued)

During the prior year, the Company entered a loan facility (the Original Facility Agreement) and received a loan of £70m from Vanquis Bank Limited at an interest rate based on Vanquis Bank Limited's average cost of retail funds (for the weighted average life) plus a margin. Interest of £0.9m on the facility was recognised in the prior year.

During the current year, the Company has continued to receive loan tranches from Vanquis Bank Limited under the facility at interest rates based on Vanquis Bank Limited's average cost of retail funds (for the weighted average life) plus a margin at the time of issuance. This is net of repayments made on earlier loan tranches. Interest of £11.2m on the facility was recognised in the current year.

During 2021, the Group signed a new warehouse securitisation facility for the Company. This increased the Moneybarn Group's committed funding to £325m for a new 24-month period (plus any amortisation thereafter) and increased the weighted average duration of the Group's funding sources and decrease its weighted average cost of funds.

The Group successfully renegotiated the bilateral securitisation facility in July 2021, adding Barclays as an additional lender, extending the facility and achieving an improved advance rate. At 31 December 2021 £275m had been drawn. The rates paid on the borrowings are linked to SONIA and the facility has a maturity date of June 2024.

In July 2023, the Board considered a proposal to extend the private securitisation facility held with Senior Noteholders' for eighteen months, cancel the undrawn amount and repay part of an existing loan. The renegotiated bilateral securitisation facility has a 12-month amortisation period (if not re-financed) commencing in January 2025 and an ultimate maturity date in January 2026.

The intercompany loan from the intermediate holding company accrues interest at the monthly weighted average cost of funds of the ultimate parent plus a margin. The upstream loan from the Company to the intermediate holding company accrues interest at a rate which broadly represents the costs of the securitisation.

The directors believe that all related party transactions are on an arm's length basis.

16 Contingent liabilities

The Company was previously a guarantor in respect of: (i) borrowings made by the Company's ultimate parent undertaking; and (ii) guarantees given by the Company's ultimate parent undertaking in respect of borrowings of certain of its subsidiaries to a maximum of £164.5m with borrowings amounting to £164.7m at 31 December 2022.

In line with the Group's funding strategy to place less reliance on this source of funding the Group exercised its contractual option to early repay its revolving credit facility on 30 March 2022, ahead of its contractual maturity in July 2023 and the remaining borrowings were repaid in line with their contractual maturity during the year. At 31 December 2023 there were no guarantees in place.

In addition, during the ordinary course of business the Company is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, agents, customers, investors or third parties. This extends to legal and regulatory reviews, challenges, investigations and enforcement actions combined with tax authorities taking a view that is different to the view the Company has taken on the tax treatment in its tax returns, both in the UK and overseas. It also extends to tax authorities taking the view that VAT exempt supplies received by the Group from UK-based suppliers should be subject to VAT. All such material matters are periodically assessed, with the assistance of external professional advisers, where appropriate, to determine the likelihood of the Company incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established for management's best estimate of the amount required at the relevant balance sheet date. In some cases it may not be possible to form a view, for example because the facts are unclear or because further time is needed to properly assess the merits of the case, and no provisions are held in relation to such matters.

17 Reconciliation of profit after taxation to cash used in operations

	Note	2023 £m	2022* £m
Profit after taxation		18.5	11.2
Adjusted for:			
- finance income	1	(10.8)	(9.0)
- finance costs	2	50.0	43.3
- tax charge	4	5.7	2.6
- disposal of intangible assets	9	-	(0.1)
Changes in operating assets and liabilities:			
- amounts receivable from customers	6	(136.8)	(59.9)
- trade and other receivables	7	(0.8)	(0.1)
- inventories		(0.3)	0.2
- trade and other payables	12	44.5	3.3
- provisions	13	(0.1)	1.5
Cash used in operations		(30.1)	(7.0)

*2022 Adjustments to profit after taxation have been re-presented to disclose separately Finance income and Finance costs within the reconciliation of profit after taxation to cash generated from operations.

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

				2023
	Cash changes		Non cash changes	
	1 January 2023 £m	Financing £m	Interest £m	31 December 2023 £m
Amounts owed to Moneybarn Financing Limited	249.8	(81.7)	11.2	179.3
Amounts owed to Vanquis Bank Limited	70.0	330.8	-	400.8
Amounts owed to intermediate holding company	518.4	(299.0)	27.3	246.7
Amounts owed by intermediate holding company	272.8	(75.0)	10.8	208.6

17 Reconciliation of profit after taxation to cash used in operations (continued)

				2022
	Cash changes		Non cash changes	
	1 January 2022 £m	Financing £m	Interest £m	31 December 2022 £m
Amounts owed to Moneybarn Financing Limited	250.6	(9.0)	8.2	249.8
Amounts owed to Vanquis Bank Limited	-	70.0	-	70.0
Amounts owed to intermediate holding company	596.9	(112.7)	34.2	518.4
Amounts owed by intermediate holding company	272.8	(9.0)	9.0	272.8

The increase (2022: increase) in amounts receivable from customers of £136.8m (2022: £59.9m) includes the non-cash movement in the impairment provision as set out below:

	2023 £m	2022 £m
Cash movement in amounts receivable from customers	(171.9)	(130.6)
Non-cash provision movement – allowance account	35.1	70.7
Total	**(136.8)**	**(59.9)**

18 Parent undertaking and controlling party

The immediate parent undertaking is Moneybarn Group Limited, a company incorporated in England, United Kingdom.

The ultimate parent undertaking and controlling party is Vanquis Banking Group plc, which is the largest and smallest group to consolidate these financial statements. Copies of the consolidated financial statements of Vanquis Banking Group plc may be obtained from the Company Secretary, Vanquis Banking Group plc, No.1 Godwin Street, Bradford, BD1 2SU.