MONEYBARN NO.1 LIMITED
(Company Number 04496573)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

MONEYBARN NO.1 LIMITED
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MONEYBARN NO.1 LIMITED
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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 10); 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 21. The loss for the year of £25.7m (2023 (restated): profit of £12.7m) has been deducted from (2023: added to) retained earnings. The key drivers for the loss 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 2024 (2023: £nil).

Directors
The directors of the Company during the year ended 31 December 2024, all of whom were directors for the whole year then ended and to the date of this report, except where stated, were:

I McLaughlin	
D Watts	
G Cronin	(resigned 27 November 2024)
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 2024 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 2024.

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 2024 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 34 to 35.

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
13 March 2025

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

Report on other legal and regulatory requirements

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

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

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

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

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

We have nothing to report in respect of these matters.

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

K. J. Cooper

Kieren Cooper (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
13 March 2025

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 2024, the Company generated a loss before tax of £34.3m (2023 (restated): profit before tax of £16.6m).

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

Key Performance Indicators (KPIs)*	**2024**	2023 (restated)
Asset yield	16.1%	18.0%
Cost of risk	(7.3)%	(2.4)%

*Certain alternative performance measures (APMs) have been used in this report. Please refer to page 5 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. The Company's 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 Company's core product 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 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 active customer numbers decreased by 2.0% to 109,500 as of December 2024 (2023: 111,700). This has been driven by repricing and credit tightening initiatives. A new Vehicle Finance lending decision engine was introduced in 2024 enabling a more granular level of portfolio segmentation and delivering a stronger platform to optimise higher margin customer segments in 2025.

Financial performance

Following a Stage 3 receivables review, period-end gross amounts receivable from customers decreased by 27.3% to £831.9m (2023: £1,144.2m), driven by an updated charge-off policy reclassifying Stage 3 impaired loans to post charge-off assets. This refined the approach to write offs, and a debt sale programme was launched, with two debt sales completed in 2H24. This has resulted in a clearer cost of risk outlook for the portfolio.

Period-end net receivables decreased 5.2% to £735.4m (2023 (restated): £776.1m), as a 73.8% reduction in expected credit losses (ECL) to £96.5m, partially offset the reduction in gross receivables. Stage 3 ECL reduced from £322.9m to £56.8m driven by the reduction in Stage 3 balances and a revised definition of default reclassifying c.£127m of balances from Stage 3 to Stage 1, and a further c.£73m from Stage 2 into Stage 1.

Interest income from customer receivables decreased 12.6% to £133.1m (2023: 152.3m), driven by the reduction in gross amounts receivable from customers. The asset yield decreased 1.9% to 16.1%, reflecting a reduced higher-margin Stage 3 and credit tightening, partially offset by repricing initiatives.

Interest expense decreased by 15.2% to £42.4m (2023: 50.0m), driven by a change in the mix of funding provided from the Group. The Company continues to receive loan tranches from Vanquis Bank Limited 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.

Financial performance (continued)

Risk adjusted income fell 61.8% to £35.4m (2023: £92.7m), as a result of impairment charges rising to £60.2m (2023 (restated): £20.4m), including the impact of the Stage 3 receivables review. Impairments in the prior year benefited from a £47.0m release of provisions no longer required following IFRS 9 model refinements and recalibration.

Operating costs reduced by £6.4m (8.4%) to £69.7m (2023 (restated): £76.1m) driven by transformation savings partially offset by investment in the business.

The Group's technology transformation programme, Gateway, is progressing as planned and remains on track for completion by mid-2026. This unified, customer-centric platform will enhance operational scalability, efficiency, and customer experience. Gateway is expected to generate cost savings, strengthening financial performance. Additionally, the Company is deploying Artificial Intelligence (AI) across key areas, including fraud prevention, collections, and customer interactions, to drive automation and efficiency.

During 2023 and into 2024, the Company experienced elevated levels of customer compensation claims from claims management companies (CMC). The majority of these claims are unmerited and primarily driven by CMC activity. They relate to a wide range of different matters, primarily in respect of the lending process but with no common theme or systematic issue. During the second half of 2023 this activity began to stabilise within the Company. The Company has never entered into discretionary broker commission arrangements.

A provision of £0.7m (2023: £0.8m) is held at the balance sheet date for: (i) customer compensation claims received where compensation may be paid but which have not yet been assessed, upheld or compensation amounts agreed; and (ii) expected FOS fees for future claims which may be referred. The provision is determined based on the complaints volume pipeline at the period end, estimated uphold complaint rates, and average compensation amounts for each complaint type based on historic data. Financial Ombudsman Service (FOS) case fees of £750 per case were reduced to £650 during 1H24 and are payable on all cases referred to the FOS regardless of outcome.

On 20 June 2024, an additional 44 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.

On 25 September 2024, an additional 50 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 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.

During the current year, it was agreed that the outstanding intercompany balance owed to the Company by the intermediate holding company ('MB1 Upstream Loan Balance') and the amount owed by the Company to the intermediate holding company ('PFH Downstream Loan Balance') were to be offset against one another so that the amount owed by the Company to the intermediate holding company is reduced by the amount of the 'MB1 Upstream Loan Balance'.

Vehicle finance commission disclosures matter
In October 2024, the Court of Appeal ruled that motor dealers acting as credit brokers owe a fiduciary duty of loyalty and impartiality to their customers. The judgement, which stemmed from the cases of Johnson v FirstRand Bank Ltd, Wrench v FirstRand Bank Ltd, and Hopcraft v Close Brothers Ltd, raised the standard for disclosing and obtaining consent for commissions beyond existing FCA regulations. This introduced significant regulatory uncertainty, pending a Supreme Court appeal.

In January 2025, ahead of the Supreme Court hearing scheduled for April 2025, the Government intervened, highlighting concerns over the potential economic impact. With 80% of new vehicles in the UK purchased on finance, the Treasury warned that the Court of Appeal's decision could restrict credit availability and harm the UK's reputation as a stable regulatory environment. The Government emphasised the need for proportional remedies to mitigate economic harm while balancing consumer protection with the vital role of the vehicle finance sector.

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 Group 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.

Conduct risk

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.

On 25 October 2024, the Court of Appeal ruled against two other lenders in three cases involving commission disclosures related to payments to motor finance dealers. The judgment redefined the legal duties of dealers acting as credit brokers, requiring clear disclosure of, and consent to, the existence, nature and amount of any commission paid. The lenders successfully applied for permission to appeal to the Supreme Court, which is due to be heard in early April 2025. Timing of the outcome is uncertain. See note 15 for further information.

Information on the management of specific financial risks including credit, market, liquidity, interest rate, and capital risks is provided on pages 34 to 35.

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.

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.	• Conducting primary and secondary qualitative and quantiative research with both current customers and customers in our target market • Bringing the voice of the customer into the organisation through our customer satisfaction (CSAT) programme • Group-wide customer call listening sessions • Monitoring performance against good customer outcomes, including complaints monitoring • Considering the customer experience, customer journeys and outcomes through regular journey reviews and root cause analysis • 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 • Customer outcomes aligned with the FCA Consumer Duty • Customer outcomes for customers with characteristics of vulnerability • 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, Customers with Characteristics of Vulnerability and Financial Promotions • Continued signposting to Stepchange • Access to electric vehicles	• Group-wide forbearance measures to support customers through the cost-of-living crisis • Group-wide oversight of customer complaints operations, outcomes, strategy and customers with characteristics of vulnerability • Continued operational outsourcing arrangements to improve the quality of service provided to our customers • Compliance with CMC complaints and customer remediation

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 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, all are members of the Group Board • Board meetings took place four times in the reporting period • 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. • Board and Group Board have a corporate governance framework to support effective decision-making, oversight and accountability	• 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 • Update on the group wide project to simplify the corporate structure referred to as '1VBG'	• Business model aligned with the Group's purpose • Group 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 • 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 • 1VBG has delivered a simplified structure for corporate administration • Board changes to guarantee relevant skills and expertise

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 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 '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 and diversity 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+	• Colleague survey action plans to address any areas for improvement and celebrate areas of achievement • Continued an online Development Centre for colleagues including information on training, apprenticeships, management leadership and other professional development programmes • Launched a new Learning and Development Hub for colleagues which offers more training and development opportunities to colleagues. • Supported 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. • Launched BUPA membership for corporate private medical insurance.

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 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 • Group-wide community matters are discussed are overseen by the Group Board • Oversight by the Group Board 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 • Continued Group partnership with Plan Numbers, National Numeracy and the Ahead Partnership. • Group is the official delivery partner for Bradford UK City of Culture 2025 • Directors directly participated in volunteering as part of the 'Step into Tech' event hosted in Bradford.

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 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 • SMCR ways of working Framework with Policy updated in 2024 • Monitoring of Court of Appeal judement relating to car financing commission calculations • Group-wide engagement with the FCA and PRA on an ongoing basis on issues that are material to the business strategy. • Group-wide participation in FCA consultations on its Credit Information Market Study. • Group-wide engagment with Government bodies and MPs on a range of issues of importance to the firm including financial inclusion and social mobility. • Review and monitoring of CMC complaints

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 • 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 • Continued to engage with suppliers via the Group's due diligence process on the climate risk agenda.	• 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 2024 Modern Slavery Statement • The Group rolled out new Supplier Management Framework activities and standards which continue to standardise the Group's procurement processes and procedures. • Carried out a 'voice of the supplier' survey to gauge the Group's performance in relation to a range of supplier satisfaction and procurement satisfaction themes.
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 Group Board overseas and discusses environmental matters • 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 • Science Based Targets	• As a member of the Group: • Continued certification of the Group's environmental management system to ISO14001 • Climate risk management and reporting that is consistent with UK regulatory requirements. • Continued development of the Group's carbon approach moving from carbon offsetting to carbon capture. • Had two science-based targets accepted by the Science Based Targets 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 (£200m) for eighteen months and cancel the £90m and £35m undrawn amounts from NatWest and Barclays respectively in December 2024. 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 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 and the Company would materially benefit from executing and delivering the Amendment Transaction Documents.

Going concern

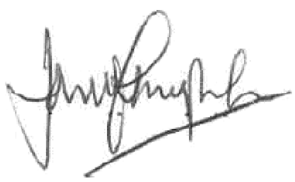
The Company is partially funded through intercompany loan facilities made available by the ultimate parent company, Vanquis Banking Group plc. As a result, the ability of the company to continue as a going concern is dependent on the ability and intent of its ultimate parent to continue to make funds 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 December 2024, in doing so, the Board reviewed detailed forecasts for the three year period to December 2027 and also considered less detailed forecasts for 2028 and 2029. 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 and the going concern assessment covers a period of 12 months from the accounts approval date.

The directors have also reviewed the Group's stress testing projections which are based on a severe scenario. The stress test scenario envisages that the UK economy enters a period of negative growth with UK unemployment rate reaching 8.1%. The outcome of the pending Supreme Court hearing on Vehicle Finance Commission scheduled for 1-3 April 2025 remains uncertain. A possible scenario has been considered as part of the stress testing. 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 25.

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



I McLaughlin
Director
13 March 2025

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.

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

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 2024 and of its loss 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 17.

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, conduct risk 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 in the following areas, and our procedures to address it are described below:

Estimation of expected credit losses (ECL) on loans to customers

- 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 their appropriateness and the respective weightings, whilst also testing the underlying data used in this assessment for completeness and accuracy. We also benchmarked the underlying unemployment economic variables against various external sources.

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

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

Estimation of expected credit losses (ECL) on loans to customers (continued)

- We have evaluated the competence, capabilities and objectivity of management's third-party expert involved in providing the historical economic data and forward-looking scenarios used by them in determining the industry-wide write-off rates. We have worked with our credit modelling specialists to perform analysis and test the reasonableness of the scalars prepared by management based on the industry level write off rates provided by the third party.
- We involved our credit risk modelling specialists to assist in our assessment and challenge of management's model methodology related to their redevelopment and calibration activities 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 post model adjustments ("PMA's").
- In respect of the PMAs recognised for the macro-PD model and LGD model, with the involvement of our credit risk modelling specialists, we have tested that the methodology changes have been reflected in the creation of the PMAs through assessment of the underlying scripts, tested the completeness and accuracy of the data used to form the PMAs and evaluated management's conclusions regarding the appropriateness of these changes in the current macroeconomic environment.
- In respect of the PCOA within the company we have tested a cohort of accounts against management's charge off criteria and assessed the key assumptions within the valuation of the PCOA including the timing and price of any debt sales.

The appropriateness of the contingent liability for Vehicle Finance commissions

- We obtained an understanding of relevant controls relating to the review of the company's assessment related to the Court of Appeal ruling.
- We have assessed the IAS 37 criteria to determine if a provision or contingent liability should be recognised. With the involvement of our conduct risk specialists, we have evaluated external legal opinions obtained by the company and an assessment of their business practices which they believe are substantially different to other lenders and the cases involved in Court of Appeal judgement. As part of the review, we have evaluated the competence, capabilities, and objectivity of management's external legal advisor. In performing these procedures, we further considered whether there were any indicators of management bias on critical judgements made.
- We have assessed the appropriateness of the disclosures in the financial statements.

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.

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

Report on other legal and regulatory requirements

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

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

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

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

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

We have nothing to report in respect of these matters.

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

Kieren Cooper (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
13 March 2025

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2024 £m	2023 £m (restated*)
Interest income	1	138.0	163.1
Interest expense	2	(42.4)	(50.0)
Net interest margin		**95.6**	113.1
Impairment charges	3	(60.2)	(20.4)
Risk-adjusted income		**35.4**	92.7
Operating costs		(69.7)	(76.1)
(Loss)/profit before taxation	3	(34.3)	16.6
(Loss)/profit before taxation and exceptional items	3	(34.1)	16.9
Exceptional items	3	(0.2)	(0.3)
Tax credit/(charge)	4	8.6	(3.9)
(Loss)/profit for the year attributable to equity shareholders		(25.7)	12.7

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

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 2024 £m	As at 31 December 2023 £m (restated*)	As at 1 January 2023 £m (restated*)
ASSETS				
Cash and cash equivalents		2.5	4.5	1.4
Amounts receivable from customers	6	735.4	776.1	646.9
Trade and other receivables	7	1.6	210.2	273.6
Inventories		2.0	1.8	1.5
Property, plant and equipment	8	1.0	0.4	-
Current tax asset		6.4	-	-
Deferred tax asset	10	5.8	4.6	5.7
Total assets		754.7	997.6	929.1
LIABILITIES AND EQUITY				
Liabilities				
Trade and other payables	11	627.9	889.2	854.3
Current tax liabilities		-	2.6	1.6
Provisions	12	1.1	1.4	1.5
Total liabilities		629.0	893.2	857.4
Equity attributable to owners of the parent				
Share capital	13	-	-	-
Share premium	13	117.0	70.0	50.0
Retained earnings		8.7	34.4	21.7
Total equity		125.7	104.4	71.7
Total liabilities and equity		754.7	997.6	929.1

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

The financial statements on pages 21 to 53 were approved and authorised for issue by the Board of directors on 13 March 2025 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 2022	**-**	**50.0**	**30.0**	**80.0**
Prior year adjustment*	-	-	(8.3)	(8.3)
At 1 January 2023	-	50.0	21.7	71.7
Issue of share capital	-	20.0	-	20.0
Profit and total comprehensive income for the year (restated*)	-	-	12.7	12.7
At 31 December 2023	**-**	**70.0**	**34.4**	**104.4**
At 1 January 2024	-	70.0	34.4	104.4
Issue of share capital	-	47.0	-	47.0
Loss and total comprehensive expense for the year	-	-	(25.7)	(25.7)
At 31 December 2024	**-**	**117.0**	**8.7**	**125.7**

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

On 20 June 2024, an additional 44 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.

On 25 September 2024, an additional 50 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 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.

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2024 £m	2023 £m (restated*)
Cash flow from operating activities			
Cash generated from/(used in) operations	16	13.5	(30.1)
Finance costs paid	2	(22.0)	(11.5)
Net cash used in operating activities		**(8.5)**	**(41.6)**
Cash flow from investing activities			
Purchase of property, plant and equipment	8	(0.8)	(0.4)
Proceeds from sale of property, plant and equipment	8	0.1	-
Net cash used in investing activities		**(0.7)**	**(0.4)**
Cash flow from financing activities			
Financing to intermediate holding company	7	213.5	75.0
Financing from Vanquis Bank Limited	11	140.0	395.0
Repayment of financing to Vanquis Bank Limited	11	(158.9)	(64.2)
Financing from intermediate holding company	11	(222.6)	(299.0)
Financing to Moneybarn Financing Limited	11	(11.8)	(81.7)
Proceeds of issue of shares	13	47.0	20.0
Net cash generated from financing activities		**7.2**	**45.1**
Net (decrease)/increase in cash and cash equivalents		(2.0)	3.1
Cash and cash equivalents at beginning of year		4.5	1.4
Cash and cash equivalents at end of year		**2.5**	**4.5**

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

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

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 December 2024, in doing so, the Board reviewed detailed forecasts for the three year period to December 2027 and also considered less detailed forecasts for 2028 and 2029. 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 and the going concern assessment covers a period of 12 months from the accounts approval date.

The directors have also reviewed the Group's stress testing projections which are based on a severe scenario. The stress test scenario envisages that the UK economy enters a period of negative growth with UK unemployment rate reaching 8.1%. The outcome of the pending Supreme Court hearing on Vehicle Finance Commission scheduled for 1-3 April 2025 remains uncertain. A possible scenario has been considered as part of the stress testing. 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.

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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Prior year restatement
In the current year, as part of the Group's review into Vehicle Finance Stage 3 assets, it identified that cash flows expected to be received from contracts projected to be received from customers on contracts identified for debt sale were being included beyond the expected sale date in addition to the cash flows from the debt sale. This led to a lower ECL provision being recognised. As a result, management consider that a prior period restatement is appropriate and has retrospectively restated its results.

Change in presentation on primary statements
Fraud costs have been represented from impairment to within operating costs in 2024 and the comparative numbers for 2023 restated. There was no impact on net receivables as a result of this change.

The impact of the restatement and changes in presentation are set out below:

For the year ended 31 December	2023 as reported £m	Prior year restatement £m	Fraud representation £m	2023 restated £m
Interest income	163.1	-	-	163.1
Interest expense	(50.0)	-	-	(50.0)
Net interest margin	**113.1**	-	-	113.1
Impairment charges	(15.2)	(7.6)	2.4	(20.4)
Risk-adjusted income	**97.9**	(7.6)	2.4	92.7
Operating costs	(73.7)	-	(2.4)	(76.1)
Profit before taxation	24.2	(7.6)	-	16.6
Profit before taxation and exceptional items	24.5	(7.6)	-	16.9
Exceptional items	(0.3)	-	-	(0.3)
Tax charge	(5.7)	1.8	-	(3.9)
Profit for the year attributable to equity shareholders	18.5	(5.8)	-	12.7
Gross receivables	1,144.2	-	-	1,144.2
Impairment provision	(352.0)	(16.1)	-	(368.1)
Net receivables	792.2	(16.1)	-	776.1

The impact of new standards not yet effective and not adopted by the Company from 1 January 2025

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Company anticipates that the application of these amendments may have an impact on the presentation of its consolidated financial statements in future periods.

There are no other new standards not yet effective and not adopted by the Company from 1 January 2025 which are expected to have a material impact on the Company.

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. IFRS 16 is adopted for revenue recognition, except in relation to IFRS 9 Stage 3 in which interest income is recognised on the net receivable. Impairment is 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).

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Amounts receivable from customers (continued)

Accounts are charged off when they meet certain criteria set out in the Company's charge off policy and are generally expected to be sold to debt collection agencies. A post charge off asset (PCOA) is recognised based on expected future cash flows. The accounts remain held at amortised cost as the business model is unchanged.

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. 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.

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.

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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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).

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 operating 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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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 or on tax losses carried forward.

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 or carried forward losses 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.

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)
(£735.4m (2023 (restated): £776.1m)

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 (where appropriate), 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 overlays. Those changes applied to model inputs and parameters are deemed to be in-model overlays; more qualitative changes that have a higher degree of management judgement are deemed to be post-model overlays. All adjustments are reviewed quarterly and are subject to internal review and challenge to ensure that amounts are appropriately calculated.

During the prior year, the Company 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 was recognised as a model underlay. The models were fully implemented in the current year and the PMA released. A breakdown of the in-model and post-model overlays is included within note 6.

The revised definition of default criteria introduced as part of the model recalibration in 2023, resulted in a re-classification of receivables from Stage 3 into Stages 1, and a further £73m from Stage 2 into Stage 1 when the models were fully implemented.

Credit performance across the Group 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 probability of default (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.

Critical accounting assumptions (continued)

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.

The models are expected to be redeveloped in 2025; however, for 2024 a model overlay of £1.4m has been recognised utilising data from a third party, Oxford Economics (OE). The OE model predicts industry level write-off rates, unemployment rates, debt to income ratio and a measure of macroeconomic volatility. The outputs from the OE model are calibrated to the Group entry to default rate which is in turn used to derive the scalars applied to the lifetime probability of default model.

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.

Vehicle Finance Stage 3 Review

During the first half of 2024, a review was undertaken of the Company's Stage 3 assets. The Company has been exhibiting an ever-growing Stage 3 gross receivable balance with a corresponding large and increasing ECL provision being held. As part of the review, receivables eligible for a potential debt sale were fully charged off resulting in a post-charge-off asset (PCOA) of £17.8m being recognised at 30 June 2024. This has decreased to £17.3m at 31 December 2024 as more accounts have been charged off, offset by two debt sales. The receivables within this PCOA have been split into several cohorts and an expected sale price determined for each cohort. Sensitivity analysis performed on the valuation indicates a 10% change in price would adjust the valuation by £1.6m.

The charge-off process led to a reduction in gross receivables of £261m and a release of impairment provision of £237m.

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.

Critical accounting assumptions (continued)

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

Scenario for year ended 2024	Base	Upside	Downside	Severe
Weighting	60%	15%	20%	5%
2025	4.4%	4.0%	5.0%	5.5%
2026	4.5%	4.1%	6.3%	7.6%
2027	4.5%	4.2%	5.9%	7.9%
2028	4.5%	4.2%	5.3%	6.8%
2029	4.5%	4.2%	5.1%	6.4%
Five-year peak	4.5%	4.3%	6.5%	8.3%
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%

The following table shows the scenario five-year peak and average expected entry to default rate from the Oxford Economics model.

Scenario for year ended 2024	Base	Upside	Downside	Severe
Weighting	60%	15%	20%	5%
2025	1.14%	1.08%	1.19%	1.20%
2026	1.15%	0.96%	1.32%	1.37%
2027	1.15%	0.90%	1.41%	1.48%
2028	1.13%	0.88%	1.44%	1.50%
2029	1.12%	0.88%	1.42%	1.48%
Five-year peak	1.16%	1.13%	1.45%	1.51%

Weightings applied to the macroeconomic assumptions were reviewed and updated at the December 2024 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.

Contingent Liability: Vehicle Finance commissions

Management has considered the requirements required in IAS 37 to determine if a provision or contingent liability is required in relation to the Court of Appeal hearing regarding vehicle finance commissions.

There is a possible obligation dependent upon the outcome of the Supreme Court hearing and any FCA guidance which is not expected until later in 2025. As a result, no provision has been recognised, but a contingent liability disclosed. See note 15 for further detail.

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 28.

(i) Amounts receivable from customers

The Company's maximum exposure to credit risk on amounts receivable from customers as at 31 December 2024 is the carrying value of amounts receivable from customers of £735.4m (2023 restated: £776.1m). The Group's 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 met 9 times during the current 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 2024 was £2.5m (2023: £4.5m).

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 department through daily monitoring of expected cash flows in accordance with a Board-approved Internal Liquidity Adequacy Assessment Process (ILAAP) and a 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 process is monitored regularly by the Group's Assets and Liabilities Committee (ALCO). The 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)
The Group transitioned to a traditional bank funding model in 2023, following the approval of the Core UK Group (CUG) large exposure waiver, resulting in the Group now being significantly funded by retail deposits.

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 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

	2024 £m	2023 £m
Interest income from customer receivables	133.1	152.3
Interest income from loan to intermediate holding company	4.9	10.8
Total Interest income	**138.0**	**163.1**

Interest income from customer receivables comprises £171.1m (2023: £180.8m) net of the amortisation of deferred broker commissions of £38.0m (2023: £28.5m).

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

2 Interest expense

	2024 £m	2023 £m
Interest payable to intermediate holding company	10.0	27.3
Interest payable to Moneybarn Financing Limited	10.4	11.2
Interest payable to Vanquis Bank Limited	21.9	11.2
Commitment fee payable to Vanquis Bank Limited	0.1	0.3
Total Interest expense	**42.4**	**50.0**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 (Loss)/profit before taxation

	2024 £m	2023 £m (restated*)
(Loss)/profit before taxation is stated after charging:		
Impairment of amounts receivable from customers (note 6)	60.2	20.4

Fellow subsidiary undertakings have recharged certain operating costs to the Company of £48.7m (2023: £51.0m) in respect of services provided.

Auditor’s remuneration to Deloitte LLP in respect of the audit of the financial statements was £0.7m (2023: £0.7m). Auditor’s remuneration to Deloitte LLP in respect of other services was £nil (2022: £nil).

Exceptional items	2024 £m	2023 £m
Indemnity payments	0.2	0.3
Total exceptional items	**0.2**	**0.3**

The exceptional costs of £0.2m (2023: £0.3m) recognised in the current year relate to contractual indemnity payments made in relation to outsourcing certain activities to a third party.

4 Tax credit/(charge)

Tax credit/(charge) in the Statement of comprehensive income	2024 £m	2023 £m (restated*)
Current tax	7.4	(2.8)
Deferred tax (note 10)	1.2	(1.1)
Total tax credit/(charge)	**8.6**	**(3.9)**

The rate of tax credit (2023: tax charge) on the (loss)/profit before taxation for the year is equal to (2023: equal to) the standard rate (2023: average standard rate) of corporation tax in the UK of 25% (2023: 23.5%). This can be reconciled as follows:

	2024 £m	2023 £m (restated*)
(Loss)/profit before taxation	(34.3)	16.6
(Loss)/profit before taxation multiplied by the standard rate (2023: average standard rate) of corporation tax in the UK of 25% (2023: 23.5%)	8.6	(3.9)
Total tax credit/(charge)	**8.6**	**(3.9)**

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 (2023: 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 P Estlin are paid and disclosed by the ultimate parent company, Vanquis Banking Group plc.

6 Amounts receivable from customers

Amounts receivable from customers comprises £685.7m (2023 (restated): £720.1m) of customer receivables plus deferred broker commissions of £49.7m (2023: £56.0m).

Ageing analysis of amounts receivable from customers	2024 £m	2023 £m (restated)
Amounts due within one year	227.5	226.7
Amounts due in more than one year	507.9	549.4
Total	**735.4**	**776.1**

The gross amounts receivable from customers and allowance account which form the net amounts receivable from customers including deferred broker commissions of £49.7m (2023: £56.0m) is as follows:

	2024 £m	2023 £m (restated)
Gross amounts receivable from customers	831.9	1,144.2
Allowance account	(96.5)	(368.1)
Net amounts receivable from customers	**735.4**	**776.1**

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 2024 was 24% (2023: 27%).

No finance agreements entered into have a term greater than five years (2023: none over five years). The average period to maturity of the amounts receivable from customers is 34 months (2023: 35 months).

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.

Other changes within gross receivables include the capitalisation of broker costs and the recognition of the post-charge-off asset.

Included within Vehicle Finance receivables is £nil (2023: £2.1m) in relation to receivables classified as purchased or originated as credit impaired under IFRS 9.

An increase of 1% of the gross exposure into Stage 2 from Stage 1 would result in an increase in the allowance account of £0.9m (2023: £0.3m) based on applying the difference between coverage ratios from Stage 1 to Stage 2 to the movement in gross exposure.

6 Amounts receivable from customers (continued)

Amounts receivable from customers can be reconciled as follows:

2024	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Gross carrying amount:	**391.7**	**224.8**	**527.7**	**1,144.2**
Originations	311.1	-	-	311.1
Transfers due to changes in credit risk:				
- from stage 1 to stage 2	(63.6)	63.6	-	-
- from stage 1 to stage 3	(22.0)	-	22.0	-
- from stage 2 to stage 1	125.8	(125.8)	-	-
- from stage 2 to stage 3	-	(15.9)	15.9	-
- from stage 3 to stage 1	38.3	-	(38.3)	-
- from stage 3 to stage 2	-	41.7	(41.7)	-
Write-offs	-	-	(374.9)	(374.9)
Repayments	(279.8)	(97.8)	(74.7)	(452.3)
Interest Income	72.2	30.3	30.6	133.1
Other movements	32.6	(0.8)	38.9	70.7
At 31 December	**606.3**	**120.1**	**105.5**	**831.9**

Allowance account:				
At 1 January	**18.2**	**27.0**	**322.9**	**368.1**
Movements through Statement of comprehensive income				
Originations	40.0	-	-	40.0
Transfers due to changes in credit risk				
- from stage 1 to stage 2	(15.9)	44.9	-	29.0
- from stage 1 to stage 3	(1.9)	-	11.1	9.2
- from stage 2 to stage 1	13.0	(38.8)	-	(25.8)
- from stage 2 to stage 3	-	(27.3)	42.4	15.1
- from stage 3 to stage 1	2.3	-	(11.1)	(8.8)
- from stage 3 to stage 2	-	14.8	(20.1)	(5.3)
Remeasurements within Existing Stage	(38.1)	(0.1)	49.2	11.0
Post-model overlays	0.6	1.0	3.9	5.5
Write offs	-	-	30.4	30.4
Debt Sale	-	-	(0.1)	(0.1)
Derecognition of Stage 3 interest	-	-	(18.5)	(18.5)
Recoveries	-	-	0.2	0.2
Revaluations	-	-	(21.7)	(21.7)
Other movements	-	-	(0.2)	(0.2)
Total amount recorded in impairment charges	**-**	**(5.5)**	**65.5**	**60.0**

6 Amounts receivable from customers (continued)

2024	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Movements through allowance account:				
Write offs	-	-	(374.9)	(374.9)
Debt sale proceeds	-	-	6.7	6.7
Derecognition of Stage 3 interest	-	-	18.5	18.5
Other changes	-	-	18.1	18.1
Allowance account at 31 December	**18.2**	**21.5**	**56.8**	**96.5**
Reported amounts receivable from customers at 31 December	**588.1**	**98.6**	**48.7**	**735.4**
Reported amounts receivable from customers at 1 January (restated)	373.5	197.8	204.8	776.1

Amounts receivable from customers can be reconciled as follows:

2023 (restated)	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	18.7
At 31 December	**391.7**	**224.8**	**527.7**	**1,144.2**

6 Amounts receivable from customers (continued)

2023 (restated)	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Allowance account:				
At 1 January	**15.9**	**25.8**	**283.7**	**325.4**
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	-	-	3.2	3.2
Other movements	-	-	1.2	1.2
Total amount recorded in impairment charges	**2.3**	**1.2**	**16.9**	**20.4**
Movements through allowance account:				
Write offs	-	-	(9.7)	(9.7)
Derecognition of Stage 3 interest	-	-	33.9	33.9
Other changes	-	-	(1.9)	(1.9)
Allowance account at 31 December	**18.2**	**27.0**	**322.9**	**368.1**
Reported amounts receivable from customers at 31 December	**373.5**	**197.8**	**204.8**	**776.1**
Reported amounts receivable from customers at 1 January	335.1	143.5	168.3	646.9

6 Amounts receivable from customers (continued)

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

	2024 £m	2023 (restated) £m
Core model	93.2	414.3
New model underlay (note (a))	-	(47.0)
Post-model overlays	3.3	0.8
Total allowance account	**96.5**	**368.1**

	2024 £m	2023 £m
Post-model (under)/overlays:		
12-month PD recalibration (note (b))	2.8	-
Macroeconomic LGD implementation (note (c))	(0.9)	-
Macroeconomic model redevelopment (note (d))	1.4	-
LGD recalibration (note (e))	(0.6)	-
BiFD (note (f))	-	0.8
Other	0.6	-
Total post-model overlays	**3.3**	**0.8**
Total overlays	**3.3**	**(46.2)**

(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, took 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 indicated the need for a model rebuild underlay as at December 2023 and a PMA reflected to address this. The PMA was released in the current year when the refinements to the models were fully embedded, removing the requirement for the underlay.

(b) 12-month PD recalibration
Monitoring of the 12-month PD model indicated a recalibration was required for the ‘up to date’ segment. A PMA has been recognised until the model can be updated in 2025.

(c) Macroeconomic LGD Implementation
Refinements have been made to the macroeconomic LGD model implementation to; (i) reflect an upside scenario; (ii) refine the shape of the scenarios; and (iii) enhance how the scenarios were being applied. A PMA has been recognised until the model can be updated in 2025.

(d) Macroeconomic model development
The macroeconomic model was considered in 2023 as part of the wider model development, however due to volatility in the output, the model was not implemented. The model has been redeveloped in 2024 using an external third party macroeconomic data provider. As it was not fully embedded at the year end, a PMA has been recognised reflecting the difference between the incumbent macroeconomic model and the new output. Further work is expected in 2025 to develop a more suitable, internally built model and remove the requirement for the PMA.

(e) LGD Recalibration
Following the introduction of the charge off process and the revised definition of default during 2024 calibrations were required to components of the LGD model. A PMA has been recognised until the model can be updated in 2025.

(f) Borrowers in financial difficulty (BiFD)
An overlay was recognised for a selection of customer accounts that were deemed to be borrowers in financial difficulty. This was released in 2024.

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	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
				2024
Good quality	516.9	11.1	-	528.0
Satisfactory quality	78.9	35.8	-	114.7
Lower quality	10.4	39.7	-	50.1
Below standard	0.1	33.5	105.5	139.1
Gross carrying amount	**606.3**	**120.1**	**105.5**	**831.9**

Internal rating values	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
				2023
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 credit risk rating is based on the internal credit score of a customer at the balance sheet date.

7 Trade and other receivables

	2024 £m	2023 £m
Prepayments and accrued income	0.8	0.8
Other receivables including amounts due to the company for taxation and social security	0.4	0.8
Amounts due from intermediate holding company	-	208.6
Amounts due from other group companies	0.4	-
Total	1.6	210.2

There are no amounts past due in respect of trade and other receivables that are impaired (2023: £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 (2023: £nil).

During the current year, it was agreed that the outstanding intercompany balance owed to the Company by the intermediate holding company ('MB1 Upstream Loan Balance') and the amount owed by the Company to the intermediate holding company ('PFH Downstream Loan Balance') were to be offset against one another so that the amount owed by the Company to the intermediate holding company is reduced by the amount of the 'MB1 Upstream Loan Balance'.

8 Property, plant and equipment

	Contract Hire Vehicles	
	2024 £m	2023 £m
Cost		
At 1 January	0.4	-
Additions	0.8	0.4
Disposals	(0.1)	-
At 31 December	1.1	0.4
Accumulated depreciation		
At 1 January	-	-
Charged to the statement of comprehensive income	0.1	-
At 31 December	0.1	-
Net book value at 31 December	1.0	0.4
Net book value at 1 January	0.4	-

Depreciation of property, plant and equipment charged to the statement of comprehensive income in the year amounted to £0.1m (2023: £nil).

Disposals in the year had a net book value of £0.1m (2023: £nil) and related proceeds of £0.1m (2023: £nil). The loss on disposals was £nil (2023: £nil).

9 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 2024

	Financial instruments at FVTPL £m	Financial instruments at amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Cash and cash equivalents	-	2.5	-	2.5
Amounts receivable from customers	-	735.4	-	735.4
Trade and other receivables	-	0.8	0.8	1.6
Inventories	-	-	2.0	2.0
Property, plant and equipment	-	-	1.0	1.0
Current tax asset	-	-	6.4	6.4
Deferred tax asset	-	-	5.8	5.8
Total assets	**-**	**738.7**	**16.0**	**754.7**
Liabilities				
Trade and other payables	-	627.9	-	627.9
Provisions	-	-	1.1	1.1
Total liabilities	**-**	**627.9**	**1.1**	**629.0**

31 December 2023 (restated)

	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	-	776.1	-	776.1
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
Deferred tax assets	-	-	4.6	4.6
Total assets	**0.4**	**989.6**	**7.6**	**997.6**
Liabilities				
Trade and other payables	-	889.2	-	889.2
Current tax liabilities	-	-	2.6	2.6
Provisions	-	-	1.4	1.4
Total liabilities	**-**	**889.2**	**4.0**	**893.2**

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

10 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 or from tax losses carried forward at the reporting date.

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; and (c) tax losses carried forward for offset against future group profits.

Deferred tax balances at 31 December 2024 and movements in deferred tax balances during the year have been measured at 25% (2023: 25%).

Asset	2024 £m	2023 £m
At 1 January	4.6	5.7
Credit/(charge) to the Statement of comprehensive income (note 4)	1.2	(1.1)
At 31 December	5.8	4.6

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

Asset 2024	IFRS 9 £m	Losses £m	Other temporary differences £m	Total £m
At 1 January	4.5	-	0.1	4.6
Credit/(charge) to the Statement of comprehensive income	(1.1)	2.3	-	1.2
At 31 December	3.4	2.3	0.1	5.8

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

Deferred tax assets comprise deferred tax assets on carried forward losses of £2.3m (2023: £nil) and deferred tax assets on temporary differences of £3.5m (2023: £4.6m). These have been recognised on the basis that the Group’s forecasts show that there are expected to be sufficient taxable profits available in future periods against which carried forward losses can be utilised after taking into account the reversal of the temporary differences and the group loss restriction rules which restrict the extent to which carried forward losses can be offset against group taxable profits in any particular accounting period.

At 31 December 2024, there are no (2023: no) deductible temporary differences or carried forward tax losses in Moneybarn No.1 Limited for which a deferred tax asset is not provided.

11 Trade and other payables

Current liabilities	2024 £m	2023 £m
Trade payables	0.7	1.0
Amounts owed to fellow subsidiary undertakings	29.0	56.0
Amounts owed to Vanquis Bank Limited	381.9	400.8
Amounts owed to intermediate holding company	34.0	246.7
Amounts owed to Moneybarn Financing Limited	177.9	179.3
Accruals	4.4	5.4
Total	**627.9**	**889.2**

The fair value of trade and other payables equates to their book value (2023: 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.

12 Provisions

Provisions	2024 £m	2023 £m
At 1 January	1.4	1.5
Created in the year	4.2	7.2
Utilised in the year	(4.5)	(7.3)
Total	**1.1**	**1.4**

Included in provisions is £0.7m (2023: £0.8m) related to customer remediation provisions. The customer remediation provision relates to general customer compliance matters. This includes the costs of processing a temporary uplift in unmerited customer claims from claims management companies. An amount for expected Financial Ombudsman fees is also included in the provision.

13 Share capital and share premium

	2024		2023	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
Ordinary shares of £1 each	-	236	-	142
Number of shares	-	236	-	142

There are no shares issued and not fully paid at the end of the year (2023: no shares).

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

On 20 June 2024, an additional 44 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.

13 Share capital and share premium (continued)

On 25 September 2024, an additional 50 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 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.

14 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:

					2024
	Management recharge £m	Interest charge £m	Interest credit £m	Owed balance £m	Outstanding balance £m
Intermediate holding company	-	(10.0)	4.9	-	(34.0)
Other subsidiaries of the ultimate parent undertaking:					
Moneybarn Financing Limited	-	(10.4)	-	-	(177.9)
Moneybarn Limited	48.7	-	-	-	(29.0)
Vanquis Bank Limited	-	(21.9)	-	-	(381.9)

					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)

14 Related party transactions (continued)

During the current year, to simplify intercompany balances held within the Vanquis Banking Group ('VBG') the Company drew down a further £75.0m on its loan facility from the intermediate holding company, Provident Financial Holdings Limited (PFH) under the PFH Loan Agreement to enable it to fund repayment of the amounts owed to Moneybarn Limited on its trading account.

Subsequently, the Company issued an additional 44 Ordinary shares of £1 each which were fully paid by the Company's immediate parent undertaking at a price of £0.5m per share. Upon receipt of the funds, £22.0m was used to partially settle the amounts outstanding under the PFH Loan Agreement.

To further simplify funding across the VBG Group, it was agreed that the outstanding intercompany balance owed to the Company by PFH ('MB1 Upstream Loan Balance') and the amount owed by the Company to PFH under the PFH Loan Agreement ('PFH Downstream Loan Balance') would be offset against one another so that the amount owed by the Company to PFH is reduced by the amount of the 'MB1 Upstream Loan Balance'.

The Company has continued to receive loan tranches from Vanquis Bank Limited under the Original Facility Agreement 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 £21.9m (2023: £11.2m) on the facility was recognised in the current year.

During 2021, the Group signed a warehouse securitisation facility for the Company. In the prior year, 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 PFH Loan Agreement accrues interest at the monthly weighted average cost of funds of the ultimate parent plus a margin. The MB1 Upstream Loan Balance accrued 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.

15 Contingent liabilities

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.

15 Contingent liabilities (continued)

Vehicle Finance Commissions
On 25 October 2024, the Court of Appeal ruled against two other lenders in three cases involving commission disclosures related to payments to motor finance dealers. The judgment redefined the legal duties of dealers acting as credit brokers, requiring clear disclosure of, and consent to, the existence, nature and amount of any commission paid. The lenders successfully applied for permission to appeal to the Supreme Court, which is due to be heard in early April 2025. Timing of the outcome is uncertain.

The Company offers motor finance through intermediaries. The majority of these intermediaries are independent credit brokers. From the period January 2013 to October 2024, the Company wrote £3.0bn of loans of which 10% were written via dealers acting as credit brokers, upon which £23m was paid out as commission.

As previously stated, the Company has never entered into any discretionary commission arrangements on our vehicle finance products. The Company is therefore not subject to the FCA’s Motor Commissions Review which has been focused to date on discretionary commission arrangements.

Following the Court of Appeal ruling the Company reviewed its lending practices and has assessed that there are material factors distinguishing the Moneybarn book from the cases in the Court of Appeal Judgment (including the commission disclosures provided to customers). The Company has assessed the requirement for a provision and as at 31 December 2024 no amounts have been recognised as it is only possible that the Company would be found liable in a claim based on the Court of Appeal’s ruling. This is due primarily to the conclusion of the aforementioned review but also the uncertainty of the outcome of the Supreme Court appeal and/or any further judicial or regulatory intervention and other mitigating factors which would need to be considered to reliably measure any provision required under IAS 37. Notwithstanding this, it has enhanced its customer-facing documentation and is updating its intermediary agreements.

The Company has also considered the c.4,400 motor finance commission complaints it had received as at 31 December 2024 which have been ringfenced and paused in line with the FCA’s current guidance. No provision has been recognised for these complaints, pending the ruling from the Supreme Court and/or any further judicial or regulatory intervention.

16 Reconciliation of (loss)/profit after taxation to cash generated from/(used in) operations

	Note	2024 £m	2023 £m (restated)
(Loss)/profit after taxation		(25.7)	12.7
Adjusted for:			
- finance income	1	(4.9)	(10.8)
- finance costs	2	42.4	50.0
- tax (credit)/charge	4	(8.6)	3.9
- depreciation of property, plant and equipment	8	0.1	-
Changes in operating assets and liabilities:			
- amounts receivable from customers	6	40.7	(129.2)
- trade and other receivables	7	-	(0.8)
- inventories		(0.2)	(0.3)
- trade and other payables	11	(30.0)	44.5
- provisions	12	(0.3)	(0.1)
Cash generated from/(used in) operations		13.5	(30.1)

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**.**

				2024
	Cash changes		Non cash changes	
	1 January 2024 £m	Financing £m	Interest £m	31 December 2024 £m
Amounts owed to Moneybarn Financing Limited	179.3	(11.8)	10.4	177.9
Amounts owed to Vanquis Bank Limited	400.8	(40.9)	22.0	381.9
Amounts owed to intermediate holding company	246.7	(222.7)	10.0	34.0
Amounts owed by intermediate holding company	208.6	(213.5)	4.9	-

16 Reconciliation of profit after taxation to cash generated from/(used in) operations (continued)

				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

The decrease (2023: increase) in amounts receivable from customers of £40.7m (2023 (restated): £129.2m) includes the non-cash movement in the impairment provision as set out below:

	2024 £m	2023 £m (restated)
Cash movement in amounts receivable from customers	(231.0)	(171.9)
Non-cash provision movement – allowance account	271.7	42.7
Total	**40.7**	**(129.2)**

17 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.