PROVIDENT FINANCIAL HOLDINGS LIMITED
(Company Number 13061852)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS

PROVIDENT FINANCIAL HOLDINGS LIMITED
(Company Number 13061852)

DIRECTORS' REPORT

Provident Financial Holdings Limited (the 'Company') is a wholly owned subsidiary of Vanquis Banking Group plc which, together with its subsidiaries, forms the Vanquis Banking Group (the 'Group'). Vanquis Banking Group plc is a public limited company, listed on the London Stock Exchange.

Principal activities
The Company's principal activity is that of an intermediate holding company. The Company generates income from interest on intercompany loans and dividends received from its investments in subsidiaries.

Results
The income statement for the year is set out on page 12. The resulting loss after tax for the year of £183.8m (2022: Profit after tax: £59.8m) has been deducted from (2022: included in) reserves reflecting the net intercompany interest expense and impairments of a proportion of the Company's investments in subsidiaries. See further details on page 3.

Dividends
The directors made no dividend payments (2022: £95.1m) to the parent company, Vanquis Banking Group plc, during the year ended 31 December 2023.

Directors
The directors of the Company at 31 December 2023 and up to the date of signing of this report, except where stated, were:

N Kapur (Resigned 7 August 2023)
M Le May (Resigned 1 August 2023)
I McLaughlin (Appointed on 1 August 2023)
D Watts (Appointed 30 November 2023)
G Cronin (Appointed 7 August 2023, resigned on 30 November 2023)

Consolidation exemption
The Company is not required to produce consolidated financial statement for its subsidiaries as the immediate and ultimate parent of the Company, Vanquis Banking Group plc, produces consolidated financial statements which includes the Company and its subsidiaries. The annual report and financial statements for Vanquis Banking Group plc are publicly available.

Employee involvement
The Company does not have any employees (2022: no employees).

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

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

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.

DIRECTORS' REPORT (CONTINUED)

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

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 they are aware, there is no relevant audit information of which the Company's auditor is unaware; and

ii) they 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.

iii) the reappointment of Deloitte LLP as the Company's external auditor was approved by the directors.

Going concern

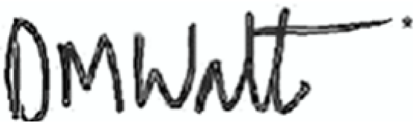
The directors expect that the business will continue in existence for a period of at least twelve months from the date of approval of the financial statements and the Company will be able to meet its liabilities as they fall due. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Due to the Company's net currently liability period-end position, the ultimate parent undertaking, Vanquis Banking Group plc, has confirmed its continued support for the company for at least the next 12 months from the date of signing the financial statements. Accordingly, the financial statements of the company have been prepared on a going concern basis.

Post Balance Sheet Events

Post balance sheet events are disclosed in note 14.

BY ORDER OF THE BOARD



D Watts
Director
18 September 2024

PROVIDENT FINANCIAL HOLDINGS LIMITED
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STRATEGIC REPORT

Review of the business

The loss after tax for the year of £183.8m (2022: profit after tax: £59.8m) has been deducted from (2022: included in) reserves. The loss for the year reflects: the net intercompany interest expense of £36.9m (2022: £30.9m); the impairment of a proportion of the Company's investment in subsidiaries of £154.8m (2022: £nil); and £0.4m (2022: £12.1m) for the impairment of intercompany balances owed by the Company's subsidiaries. The impairment of investments in 2023 was driven by £121m impairment of the Vehicle Finance business as latest forecasts showed lower levels of profitability and £33m additional impairment in CCD following a share issue which formed part of the steps to liquidate those companies.

No dividend income was received in the year from the Company's subsidiaries (2022: £95.1m). No dividends were paid in the year to the parent company, Vanquis Banking Group plc (2022: £95.1m).

Key performance indicators (KPIs)

The Company solely operates to provide finance to fund the Group. For this reason, the Company's directors believe that analysis using key performance indicators for the statutory Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The development, performance and position of the Group as a whole, including the Company, is set out in the annual report and financial statements of Vanquis Banking Group plc.

Principal risks and uncertainties and financial risk management

The Company participates in the Group-wide management framework of Vanquis Banking Group plc. Details of the Group's risk management framework together with the Group's principal risks and uncertainties are set out in the annual report and financial statements of Vanquis Banking Group plc.

Statement regarding section 172 of the Companies Act 2006

Provident Financial Holdings Limited (PFH) acts as the intermediate holding company for Vanquis Bank Ltd (VB), and other group trading divisions which form part of the Vanquis Banking Group plc (VBG plc) group of companies (the 'Group'). PFH does not have any employees.

The Board met during the reporting period to consider a number of matters, including reports from the CEO and CFO to assess the performance of its investments and received an update on the orderly progress of liquidations of historic CCD entities and any regulatory or legal matters.. The Board also met to approve the purchase of USnoop Limited which you can read more about in the principal decision below.

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 PFH has no customers	• Not applicable	• Not applicable	• Not applicable
Our shareholder PFH is a wholly owned subsidiary of Vanquis Banking Group plc ('the plc') and is the intermediate holding company for a number of companies within the Group. As such it is of paramount importance that there are good communication flows between PFH and the	• The Group CEO is Chair of the PFH Board and the Group CFO is a member • PFH Board meetings took place three times in the reporting period • Financial reporting, strategy and common accounting principles are utilised across the Group to provide alignment • The Group has an aligned corporate governance	• Performance of investments • The progress of the company liquidations in respect of the orderly wind down of the Consumer Credit Division (CCD) • The proposed purchase of USnoop Limited.	• Purchase of USnoop Limited • Noting of the interim and year end performance of the subsidiaries. • Placing of CCD entities into liquidation.

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plc together with an understanding by PFH of the Group's requirements and needs, particularly relating to the declaration of dividends within the Group. Direct and regular engagement with our shareholder ensures that PFH has a clear understanding of its role as part of the Group	framework and structure including complementary Delegated Authorities Manuals • The Group has a centralised Corporate Responsibility team and a Group-wide approach to CSR		
Our colleagues PFH employs no colleagues	• Not applicable	• Not applicable	• Not applicable
Our communities PFH, as part of the wider Group, supports the Group's purpose and the activities and initiatives which seek to address some of the key factors which, on their own or acting together, may reduce someone's likelihood to be accepted for credit	• PFH directors sit on the plc Board, which drives the Group's Foundation that provides a framework for its social impact and community investment programme. • PFH directors participate in the Group Customer, Culture and Ethics Committee at which Group-wide community matters are discussed and overseen by the plc Board • plc Board oversight of community matters and the approach to external engagement regarding the Group's purpose and role in society	As a member of the Group: • Community contributions and charitable giving • Volunteering • Matched employee fundraising • Relationships with debt charities • Group Social Impact programme	As a member of the Group: • Group approach to external engagement regarding the Groups purpose and role in society • Partnered with Plan Numbers during the year in addition to continued partnership with National Numeracy. • The Group's Foundation and resulting social impact and community investment is aligned to the Group's strategy and Purpose and has delivered focussed community investment. • Official delivery partner for Bradford UK City of Culture 2025
Our regulators PFH is not directly regulated, but supports all interactions with Group regulators as a responsible member of the Group	• The PFH Directors are the plc CEO and CFO which ensures alignment on matters of regulatory engagement with the wider Group. • plc Board members and executive management engage proactively with regulators via regular face to face and telephone meetings. • Regulatory risk reporting, including horizon scanning,	As a member of the Group: • Any regulatory engagement focus areas relating to the Company's investments	• That PFH is aware of any regulatory activity that might impact the value or performance of its investments • That the interests are aligned with that of the Group

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	is carried out and reported to the plc Risk Committee and plc Board. • Regulatory engagement and correspondence is reported to and discussed by the plc Board. • Dialogue and engagement regarding current products, potential products, customer outcomes and digitisation primarily through the Group CRO		
Our suppliers PFH has no suppliers.	• Not applicable	• Not applicable	• Not applicable
Our environment The Group, including PFH, seeks to minimise its environmental impact, to reduce greenhouse gas emissions associated with its business activities, thereby lessening its contribution to issues such as climate change 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") and Climate-related Financial Disclosure Regulations 2022. 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.	As a member of the Group: • The Group utilises the Group Environmental Management System (EMS) • The plc has a Customer, Culture and Ethics Committee at which Group-wide environmental matters are overseen by the plc Board Committee • The Group submission to the Science Based Target Initiative	As a member of the Group: • Climate change • Environmentally conscious vehicle manufacture • Funding of electric vehicles • Task Force on Climate Related Financial Disclosures objectives • 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. • Named by the Financial Times in its 2023 Europe Climate Leaders Index • Submitted two science-based targets to the Science Based Targets Initiative

In the Group's standard board reporting templates, 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 stakeholders: customers; colleagues; suppliers; regulators/government; investors, communities; environment; reputation; and, long term considerations. This draws attention to all the factor's directors need to take into account when considering their duties relating to s.172 Companies Act 2006.

In making the following principal decision, the Board took into account its duties under s172 of the Companies Act 2006:

Decision to purchase USnoop Limited

On 27th July 2023 the Board approved the acquisition of money-saving fintech business USnoop Limited 'Snoop' who had developed an award winning personal financial management app. The Snoop app was considered by the Board as being of benefit to the Group's customers and aligned with the Group's purpose to assist its customers with their financial planning and education.

The Board noted that:

- A suitable due diligence process had been followed and management had received independent commercial, legal and financial advice on the transaction.
- The financial projection risks that accompanied a fast-growing start-up had been acknowledged and noted that management had addressed these potential risks in the transaction structure.
- A suitable risk assessment had been completed with Snoop being considered a relatively low business risk from a conduct risk perspective as it did not provide lending, had not taken any customer deposits and did not provide financial advice.

Having due regard to its position as a wholly owned subsidiary of VBG plc and as the intermediate holding company for a number of companies within the Group, the Board noted the stakeholder benefit of the acquisition of Snoop's open banking driven technology that provided insights into the financial wellbeing of its customers. In addition, the Snoop management team alongside the Snoop technology would bring valuable expertise into the Group.

Customers
PFH does not have any direct customers of its own but considered the effect of the purchase of USnoop on the customers of its operating investments. The Board noted that the customer or conduct risks associated with the purchase had been considered and assessed as low risk.

Colleagues
PFH does not directly employ any colleagues and noted that there was no colleague risks or impact arising from the decision.

Those in a business relationship with the Group
PFH does not have a direct relationship with any suppliers.

Regulators / Government
PFH is not regulated, but the Board noted that the Group's regulators had been informed of the transaction and raised no objections or concerns.

Investors
The Board noted that its sole ultimate shareholder Vanquis Banking Group plc had approved the transaction which was expected to be beneficial to the Group as a whole. The plc Board had satisfied itself of the soundness of USnoop Limited through performing the appropriate due diligence and had sought professional independent legal, commercial and financial advice regarding the transaction.

Community
The Board noted that there was no community risks or impact arising from the decision.

STRATEGIC REPORT (CONTINUED)

Environment
The Board noted that there were no environmental risks or impact arising from the decision.

Reputation
The Board noted that there were no reputation risks associated with the decision.
The Board noted that there were no environmental risks or impact arising from the decision.

BY ORDER OF THE BOARD

D Watts
Director
18 September 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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.

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INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Provident Financial Holdings Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Provident Financial Holdings Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its 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 equity;
- the cash flow statement;
- the material accounting policy information; and
- the related notes 1 to 14.

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.

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

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

As a result of performing the above, we identified the greatest potential for fraud and non-compliance with laws and regulations in the following areas, our specific procedures performed to address it are described below:

- the valuation of investments in subsidiaries, as part of our response we:
    - gained an understanding of the governance and oversight process in place in relation to the budget approval process and forecasting methodology;
    - reviewed the key assumptions used within the cash flow forecasts for appropriateness and compared the cash flow forecasts used across other areas of the financial statements;
    - engaged with our internal valuation specialists to determine a reasonable discount rate and compared this against management's calculations; and
    - performed independent research to assess whether the terminal growth rate used within management's model is reasonable.

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 and legal counsel 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 and reviewing internal audit reports.

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.

Signed by:
Chris Freckelton
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Chris Freckelton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
18 September 2024

PROVIDENT FINANCIAL HOLDINGS LIMITED
(Company Number 13061852)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2023 £m	2022 £m
Interest income		40.2	43.7
Dividend income		-	95.1
Total revenue	1	40.2	138.8
Finance costs	2	(77.1)	(74.6)
Total income		(36.9)	64.2
Operating costs		(155.6)	(12.1)
Loss/(profit) before taxation	3	(192.5)	52.1
Tax credit	4	8.7	7.7
(Loss)/profit for the financial period attributable to equity shareholders		(183.8)	59.8

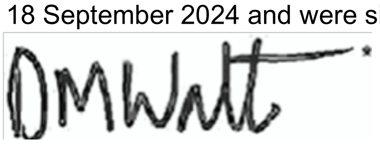
All of the above operations relate to continuing operations.

There is no other comprehensive income for the period.

BALANCE SHEET

	Note	As at 31 December 2023 £m	As at 31 December 2022 £m
ASSETS			
Investments in subsidiaries	5	1,538.8	1,631.9
Trade and other receivables	6	315.3	550.8
TOTAL ASSETS		**1,854.1**	**2,182.7**
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	7	870.6	1,049.8
Total liabilities		870.6	1,049.8
Equity attributable to owners of the parent			
Share capital	9	34.4	-
Retained earnings		949.1	1,132.9
Total Equity		983.5	1,132.9
TOTAL LIABILITIES AND EQUITY		**1,854.1**	**2,182.7**

The financial statements on pages 12 to 25 were approved and authorised for issue by the board of directors on 18 September 2024 and were signed on its behalf by:



D Watts

Director

PROVIDENT FINANCIAL HOLDINGS LIMITED
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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total £m
Balance at 1 January 2022		-	-	1,168.2	1,168.2
Profit and total comprehensive income for the period		-	-	59.8	59.8
Dividends paid		-	-	(95.1)	(95.1)
Balance at 31 December 2022		-	-	1,132.9	1,132.9
Loss and total comprehensive expense for the period		-	-	(183.8)	(183.8)
Issue of share capital		34.4	-	-	34.4
Balance at 31 December 2023		34.4	-	949.1	983.5

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2023 £m	2022 £m
Cash flow from operating activities			
Cash generated from operations	11	-	-
Net cash generated from operating activities		**-**	**-**
Cash flows from investing activities			
Dividend received from subsidiaries		-	95.1
Net cash generated from investing activities		**-**	**95.1**
Cash flow from financing activities			
Dividend paid to parent		-	(95.1)
Net cash used in financing activities		**-**	**(95.1)**
Net change in cash, cash equivalents and overdrafts		-	-
Cash, cash equivalents and overdrafts at end of period		**-**	**-**
Cash, cash equivalents and overdrafts at end of period comprise:			
Cash at bank and in hand		-	-
Total cash and cash equivalents		-	-

STATEMENT OF ACCOUNTING POLICIES

General information
The Company is a limited liability company, limited by shares and incorporated and domiciled in England. The address of its registered office is No.1 Godwin Street, Bradford, West Yorkshire, BD1 2SU.

The principal activity of the Company is that of a holding company.

Basis of preparation
The financial statements cover the year ended 31 December 2023.

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

The financial statements have been prepared on a going concern basis under the historical cost convention.

Going Concern
In assessing whether the Company is a going concern, the directors have reviewed the Group's corporate plan as approved in March 2024 and the latest 18 month forecast approved by Board in July 2024. In doing so, the Board reviewed the detailed budget for the three year period to December 2026 and the latest forecast to December 2025 which included further streamlining to deliver additional cost savings and the introduction of further initiatives to improve profitability of revenue contracts. The assessment included consideration of the Group's principal risks and uncertainties, with a focus on capital and liquidity.

The directors have also reviewed the Group's stress testing projections which are based on a severe but plausible scenario. The stress test scenario envisages that the UK economy enters a period of stagflation in 2024 with inflation rising to approximately 8.6% and the UK Bank Rate rising to 6.75%. As a result, the UK Unemployment rate rises to approximately 8.1%. The stress test scenario takes into account the availability and effectiveness of mitigating actions which could be taken by management to avoid or reduce the impact of the macroeconomic stress. These management actions include reducing lending growth. This shows that the Group is able to maintain sufficient capital above the 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.

Due to the Company's net current liability position at the year 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. The directors are therefore 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.

Principal accounting policies
The Company's principal accounting policies under IFRSs have been consistently applied to all the periods presented.

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2023 that have had a material impact on the Company.

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Consolidation exemption
The Company is not required to produce consolidated financial statement for its subsidiaries as the immediate and ultimate parent of the Company, Vanquis Banking Group plc, produces consolidated financial statements which includes the Company and its subsidiaries. The annual report and financial statements for Vanquis Banking Group plc are publicly available.

Revenue
Revenue comprises interest and dividend income earned from subsidiaries.

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

Taxation
The tax charge represents the sum of current and deferred tax.

Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from profit before taxation as reported in the income statement 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, and is accounted for using the balance sheet liability method.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investments
The Company’s investments in subsidiaries are stated at cost less provisions for impairment where required. Impairment provisions reflect the shortfall between the carrying value of the investment with the higher of: (i) fair value less costs to sell; and (ii) value in use of the subsidiary.

Dividends
Dividend distributions to the Company’s shareholder are recognised in the financial statements when paid.

Dividend income from investments is recognised when the shareholder's rights to receive payment has been established, provided that it is probable that the economic benefits will flow and the amount of revenue can be measured reliably.

Finance costs
Finance costs comprise the interest on intra-group loan arrangements and are recognised on an effective interest rate basis.

Finance income
Finance income comprises interest income earned on intra-group loan arrangements and are recognised on an effective interest rate basis.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Intercompany
Expected credit losses on Company intercompany balances are assessed at each balance sheet date. The probability of default (PD) and loss given default (LGD) are determined for each loan based on the fellow Group subsidiary undertaking's available funding and cash flow forecasts.

Critical accounting judgements and key sources of estimation
The Company reviews the carrying value of its investments in subsidiaries at each balance sheet date. The carrying value is assessed against its value in use cash flow forecast. This involves estimations to be taken by management in relation to the future cash flows of the investment and the rates used to discount these cash flows. Further details into the inputs used in the impairment assessment are provided in Note 5 of the financial statements.

The Company believes that there is a key source of estimation uncertainty in relation to the estimates taken in the calculation of the future cash flow forecast used to determine the value in use of its investments in its subsidiary, Duncton Group Limited, when determining any potential impairments.

The Company's investment in Duncton Group Limited is assessed through calculating the value in use of its main indirect trading subsidiary, Moneybarn No1 Limited. After assessing the value in use of Moneybarn No1 Limited in the current year management have determined that an impairment of £121.2m (2022: £nil) should be recognised. The impairment is a result of lower profitability of the business, partly a result of the decisions made in 2023 to moderate lending growth.

During 2024 as part of a review into the Vehicle Finance IFRS 9 stage 3 balances and revisions made to the Groups strategic plan further impairment may arise. As these events are based on events in 2024 they have not been recognised in the 2023 income statement. The impairment review as at 31 December 2024 will consider these factors alongside the most recent Board approved budget at that time.

The value in use is sensitive to movements in the discount rate and cash flows used as this can have a significant effect on the valuation and can be subject to fluctuations in external market rates and economic conditions beyond management's control.

Further sensitivity analysis on the investment in Duncton Group Limited has therefore been provided in Note 5.

The Company's investments in Vanquis Bank Limited and USnoop Limited have a value in use significantly in excess of the carrying value of the investments and therefore management do not consider there to be any key estimation uncertainty in relation to the estimates taken in the value in use assessment performed for these investments at the balance sheet date.

FINANCIAL AND CAPITAL RISK MANAGEMENT REPORT

Provident Financial Holdings Limited (the 'Company') is a wholly-owned subsidiary of Vanquis Banking Group plc which, together with its subsidiaries, forms the Vanquis Banking Group (the 'Group').
The Group's activities expose it to a variety of financial risks, which can be categorised as credit risk, liquidity risk and market risk. The objective of the Group's Risk Management Framework is to identify and assess the risks facing the Group and to minimise the potential adverse effects of these risks on the Group's financial performance. Financial risk management is overseen by the Group Risk Committee.

(a) Credit risk
Credit risk is the risk that the Company will suffer loss in the event of a default by a bank counterparty or from amounts owed by fellow subsidiary undertakings. A default occurs when the bank or fellow subsidiary fails to honour repayments as they fall due. The Company's maximum exposure to credit risk on bank counterparties as at 31 December 2023 was £nil (2022: £nil). The maximum exposure to credit risk on amounts owed by fellow subsidiary undertakings is the total amounts owed to the company by fellow subsidiary undertakings, which is set out in note 8 within the notes to the financial statements.

Counterparty credit risk arises as a result of cash deposits and collateral placed with banks and central governments and derivative contracts that are currently assets.

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/or 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 Vanquis Banking Group plc.

Liquidity risk is managed 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 Group Funding and Liquidity Policy, which is designed to ensure that the Group is able to continue to fund the growth of the business. This process is monitored regularly by the Group (and Vanquis Bank) ALCO. ALCO monitors liquidity risk metrics within limits set by the Board, including meeting regulatory requirements.

The Group's risk appetite and Funding and Liquidity Policy are designed to ensure that the Group is able to continue to fund the growth of the business. The Group maintains liquidity to fund growth and meet contractual maturities in its retail deposit, securitisation and bond funding.

Vanquis Bank is a PRA-regulated institution. It is required to maintain a liquid assets buffer, and other liquid resources, based upon daily stress tests detailed in the Group and Bank ILAAP, in order to ensure that it has sufficient liquid resources to fulfil its operational plans and meet its financial obligations as they fall due.
It also maintains an operational buffer over such requirements in line with its risk appetite.

Both the Group and Vanquis Bank are required to meet the liquidity coverage ratio (LCR). The LCR requires institutions to match net liquidity outflows during a 30-day period with a buffer of 'high-quality' liquid assets (HQLA). The Group and Vanquis Bank have developed systems and controls to monitor and forecast the LCR and have been submitting regulatory reports on the ratio since 1 January 2014.

As at 31 December 2023, the Group's committed borrowing facilities (including retail deposits) had a weighted average period to maturity of 1.8 years (2022: 2.0 years).

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.

FINANCIAL AND CAPITAL RISK MANAGEMENT REPORT (CONTINUED)

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) Market risk
Market risk is the risk of financial loss due to adverse market movements leading to a reduction in the Company's earnings or overall value. The Company's primary market risk exposure is to changes in interest rates (see Interest Rate Risk below).

The Group's Corporate Policies do not permit any subsidiary to take trading positions and no speculative activities are undertaken.

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 and thus the Company's cost of borrowing.

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's exposure to movements in interest rates is managed by the ALCO and is governed by a 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.

The Group seeks to limit its net exposure to changes in interest rates. This is achieved through a combination of diversified funding sources, including issuing fixed rate debt, and by the use of derivative financial instruments such as interest rate swaps.

Further details of the interest rate risk management are detailed within the annual report and financial statements of Vanquis Banking Group plc.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

1 Revenue

	2023 £m	2022 £m
Interest received from other Group companies	40.2	43.7
Dividend income received	-	95.1
Total revenue	40.2	138.8

2 Finance costs

	2023 £m	2022 £m
Interest payable to other Group companies	77.1	74.6
Total finance costs	77.1	74.6

3 (Loss)/profit before taxation

	2023 £m	2022 £m
(Loss)/profit before taxation is stated after charging/(crediting):		
Impairment/Write off of investment in subsidiaries (note 5)	155.1	-
Impairment of loans to subsidiary companies	0.4	12.1
Waiver of loan to subsidiary company	250.9	-
Release of impairment provision held against loan to subsidiary (note 6)	(250.9)	-

On 4 September 2023, as part of the pre-liquidation steps in relation to placing the CCD companies into Members' voluntary liquidation, the company waived its:

- £250.9m loan to Provident Personal Credit Limited and released its related impairment provision of £250.9m; and
- £98m loan to Provident Financial Management Services Limited (PFMSL), which was recognised at its carrying value of £1. The loan was assigned by PFMSL from Provident Personal Credit Limited to the Company in 2022 and had a carrying value of £1 as it was transferred at an amount considered to be the fair value of the loan.

Auditor's remuneration to Deloitte LLP in respect of the audit of the financial statements was £0.1m (2022: £0.1m). Auditor's remuneration to Deloitte LLP in respect of other services was £nil (2022: £nil).

The Company has no employees. The emoluments of the directors for services to the company during 2023 were £nil (2022: £nil). The emoluments of the directors are borne by the parent company.

4 Taxation

Tax credit in the income statement	2023 £m	2022 £m
Current tax		
- UK	8.7	7.7
Total current tax credit	8.7	7.7

In 2021, changes were enacted to increase the mainstream corporation tax rate from 19% to 25% with effect from 1 April 2023. The company is not carrying any deferred tax balances (2022: not carrying any deferred tax balances) and so there is no impact in the current or prior period from this change.

4 Taxation (continued)

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

	2023 £m	2022 £m
(Loss)/profit before taxation	(192.5)	52.1
(Loss)/profit before taxation multiplied by the standard rate of corporation tax in the UK of 23.5% (2022:19%):	45.2	(9.9)
Effect of:		
- adjustment in respect of non-taxable dividends	-	18.1
- adjustment in respect of non-deductible impairment of subsidiary investments	(36.4)	-
- adjustment in respect of non-deductible impairment of subsidiary company loans	(0.1)	(2.3)
- non-taxable release of subsidiary company loan impairment provision	59.0	-
- non-deductible waiver of loan to subsidiary company	(59.0)	-
- adjustment in respect of prior years	-	1.8
Total tax credit	8.7	7.7

5 Investment in subsidiaries

	2023 £m	2022 £m
Cost		
At 31 December	1,746.6	1,696.6
Additions (note (a))	62.0	50.0
Write off	(0.3)	-
At 31 December	1,808.3	1,746.6
Accumulated impairment		
At 31 December	(114.7)	(114.7)
Charged to the statement of comprehensive income (note (b))	(154.8)	-
At 31 December	(269.5)	(114.7)
Carrying value of investments at 31 December	1,538.8	1,631.9

(a) Investment in subsidiaries - Additions

Included within the £62.0m (2022: £50.0m) of additions is:

- the purchase of an additional 40 ‘B’ Ordinary shares of 1p each in its subsidiary undertaking, Duncton Group Limited for a price of £0.5m per share on 3 October 2023. The purchase price of these shares have been recognised as an addition to its investment in Duncton Group Limited. Duncton Group Limited remains a 100% owned subsidiary of the Company.

5 Investment in subsidiaries (continued)

- the subscription of a further £33.3m of shares in one of the Company's subsidiaries, Provident Financial Management Services Limited (PFMSL), on 4 September 2023 as part of the pre-liquidation steps in relation to placing the CCD companies into members' voluntary liquidation, which was then subsequently impaired. Provident Financial Management Services Limited remained a 100% owned subsidiary of the Company.

- the acquisition by the Company of the entire share capital of Usnoop Limited, which trades as Snoop, on 7 August 2023. Snoop is a money-saving financial technology company with customers across the UK. The consideration paid of £8.7m has been included within investments in subsidiaries in the year.

The fair value of the consideration at the acquisition date consists of:

i) £3.1m of cash consideration, added to the intercompany loan between the Company and Vanquis Banking Group plc;
ii) 2,588,253 of ordinary shares in the ultimate parent company, Vanquis Banking Group plc with a market value of £3.3m, this has been left outstanding on amounts payable to the ultimate parent; and
iii) £2.3m of contingent consideration dependent on the performance of the acquiree by the end of 2026. The amount of contingent consideration has been determined by an independent third party using a Monte Carlo simulation for determining the future revenues of the acquiree. The range of outcomes in the contingent consideration payable is not considered to be materially different.

On 30 June 2022, the Company purchased an additional 100 'B' Ordinary shares of 1p each in its subsidiary undertaking, Duncton Group Limited for a price of £0.5m per share. The purchase price of these shares were recognised as an addition to its investment in Duncton Group Limited. Duncton Group Limited remained a 100% owned subsidiary of the Company.

(b) *Investment in subsidiaries – Impairment*

The Company has recognised an impairment loss in the year of £154.8m (2022: £nil.) in relation to its investments in Duncton Group (£121.2m), PFMSL (£33.2m) and Cheque Exchange Limited (£0.4m)

The Company reviews the carrying value of its investments in subsidiaries at each balance sheet date. The carrying value is assessed against its value in use cash flow forecast.

IAS 36 requires the future value in use to be assessed over the useful remaining life of the asset. Board-approved budgets are projected out for a minimum of five years from the balance sheet date, these are then discounted back to a net present value based on a credit risk-adjusted discount rate of 11% (2022: 11%). Subsequent to this, the cash flows are projected into perpetuity.

Any difference between the carrying value of the investments and either the net assets or cash flow forecasts are booked as an impairment charge in the income statement. The impairment provision is subsequently released when the assets increase or the cash flow forecasts support a higher valuation.

The Company's investment in Duncton Group Limited is assessed through calculating the value in use of its main indirect trading subsidiary, Moneybarn No1 Limited. The value in use of Duncton Group Limited is £402.9m, therefore management have recognised an impairment in the year of £121.2m. The value in use of the subsidiary has reduced on the prior year primarily as a result of a material reduction in the cash flows of the subsidiary.

Management consider the valuation to be sensitive to changes in the estimates used:

- If the discount rate were to differ by 1%, the valuation would change by c.£45m.

- If the cash flows were to differ by 5%, the valuation would change by c.£25m.

5 Investment in subsidiaries (continued)

Either movement in isolation or in aggregate could lead to an impairment, however it is reasonably possible to assume that favourable movements in other assumptions could offset this. However, despite the sensitivity of the discount rate input in the value in use of the investment, management consider that the estimates taken in the value in use model are reasonable and conservative based on their best estimates and knowledge of the business and as such consider that no further impairment exists.

The Company's investment in Vanquis Bank Limited and USnoop Limited are significantly in excess of the carrying value of the investment, and therefore management do not consider that any reasonably possible scenarios effecting the value in use of these investments would result in any impairment to their value in use.

Following the pre-liquidation steps of placing the CCD companies into members' voluntary liquidation, the net asset value and value in use of Provident Financial Management Services Limited was £nil and therefore a further impairment provision of £33.2m has been recognised in the year.

6 Trade and other receivables

	Note	2023 £m	2022 £m
Amounts owed by subsidiary undertakings	10	306.6	550.8
Corporation tax receivable		8.7	-
Total trade and other receivables		315.3	550.8

There are no amounts past due in respect of trade and other receivables due in less than one year.

Amounts owed by subsidiary undertakings are unsecured, repayable on demand or within one year and generally accrue interest at rates linked to the monthly weighted average cost of funds of the ultimate parent undertaking plus a margin.

The amounts due have been assessed for impairment under IFRS 9.

Performing loans are categorised as stage 1 against which no provision would be recognised as the counterparty would have sufficient expected cash flows to service their obligations and sufficient realisable net assets to sell in the event of a default. Non-performing loans would have either little or no expected cash flow and are recognised at the realisable value of net assets. A provision would be recognised against these loans. The Company has assessed the estimated credit losses and as a result an impairment provision of £0.4m (2022: £250.9m) is held against amounts owed from subsidiaries due in less than one year.

On 4 September 2023 as part of the pre-liquidation steps in relation to placing the CCD companies into members' voluntary liquidation, the Company waived the total amount owed of £250.9m from Provident Personal Credit Limited. Prior to this an impairment provision was held against the full balance of this loan, this impairment provision was released on waiver of the loan.

7 Trade and other payables

	Note	2023 £m	2022 £m
Amounts owed to subsidiary undertakings	10	216.3	272.8
Amounts owed to ultimate parent company	10	651.7	776.9
Other payables		2.5	-
Accruals		0.1	0.1
Total trade and other payables		870.6	1,049.8

8 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:

			2023
	Amortised cost	**Non-financial assets/liabilities**	**Total**
	£m	**£m**	**£m**
Assets			
Trade and other receivables	306.6	8.7	315.3
Investment in subsidiaries	-	1,538.8	1,538.8
Total assets	306.6	1,547.5	1,854.1
Liabilities			
Trade and other payables	868.1	2.5	870.6
Total liabilities	868.1	2.5	870.6

			2022
	Amortised cost	**Non-financial assets/liabilities**	**Total**
	£m	**£m**	**£m**
Assets			
Trade and other receivables	550.8	-	550.8
Investment in subsidiaries	-	1,631.9	1,631.9
Total assets	550.8	1,631.9	2,182.7
Liabilities			
Trade and other payables	1,049.8	-	1,049.8
Total liabilities	1,049.8	-	1,049.8

9 Share capital

	Number	**£**
Issued and fully paid		
Ordinary shares of £1 each	7	7
As at period ended 31 December 2022	**7**	**7**
- Issued in the year	34,374,871	34,374,871
As at period ended 31 December 2023	**34,374,878**	**34,374,878**

On 4 September 2023 as part of the pre-liquidation steps in relation to placing the CCD companies into members' voluntary liquidation, the Company issued 34,374,871 ordinary shares with a nominal value of £1 per share to the parent Company, Vanquis Banking Group plc.

There are no shares issued and not fully paid at the end of the period.

10 Related Party transactions

Details of the transactions between the Company and other Group undertakings, which comprise interest charges or credits on intra-Group balances, along with impairment adjustments made on any balances outstanding at 31 December 2023 are as set out below:

			2023
	Interest income	**Interest charge**	**Outstanding balance**
	£m	**£m**	**£m**
Vanquis Banking Group Plc	10.9	66.2	(651.7)
Moneybarn No 1 Limited	27.5	10.9	62.0
Vanquis Bank Limited	-	-	(5.2)
PFG Corporate Services Limited	1.7	-	28.6
USnoop Limited	0.1	-	5.3
Total	40.2	77.1	(561.0)

			2022
	Interest income	**Interest charge**	**Outstanding balance**
	£m	**£m**	**£m**
Vanquis Banking Group Plc	9.0	65.6	(776.9)
Moneybarn No 1 Limited	33.8	9.0	230.2
Provident Personal Credit Limited	-	-	250.9
Vanquis Bank Limited	-	-	5.5
PFG Corporate Services Limited	0.9	-	42.3
Total	43.7	74.6	(248.0)

The outstanding balances are gross of an impairment provision for Provident Personal Credit Limited of £nil (2022: £250.9m) and Moneybarn of £0.4m (2022: £nil).

The Company did not receive any dividend income in the year. In 2022 the company received £95.1m of dividend income from Vanquis Bank Limited. The company did not declare a dividend in the year. In 2022 the company declared dividends of £95.1m to Vanquis Banking Group plc.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Reconciliation of (loss)/profit after tax to cash generated from operations

	2023	2022*
	£m	£m
(Loss)/profit after tax	(183.8)	59.8
Adjusted for:		
- tax credit	(8.7)	(7.7)
- interest income	(40.2)	(43.7)
- dividends received	-	(95.1)
- interest paid	77.1	74.6
- waiver of loan to subsidiary company	250.9	-
- release of impairment provision held against loan to subsidiary	(250.9)	-
- impairment and write off of investments	155.1	-
- impairment in loans to subsidiary companies	0.4	12.1
Changes in operating assets and liabilities:		
- trade and other receivables	-	-
- trade and other payables	0.1	-
- Increase in intercompany funding	273.1	75.1
- Repayment of intercompany funding	(273.1)	(75.1)
Cash generated from operating activities	-	-

*2022 cash flow updated to present movements in intercompany funding

12 Contingent liabilities

The Company is a guarantor in respect of: (i) borrowings made by the Company's ultimate parent undertaking; and (ii) guarantees given by the Company's ultimate parent undertaking in respect of borrowings of certain of its subsidiaries to a maximum of £nil (2022: £164.5m). At 31 December 2023, the borrowings amounted to £nil (2022: £164.7m).

13 Parent undertaking and controlling party

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

14 Post balance sheet event

On 4 April 2024, a £30m dividend was received from Vanquis Bank Limited and a £30m dividend paid to Vanquis Banking Group plc. On 8 August 2024, a £10m dividend was received from Vanquis Bank Limited and a £10m dividend paid to Vanquis Banking Group plc.

The Moneybarn No.1 Limited intercompany receivable and payable loans were net down to one intercompany payable loan on 20 June 2024 and the upstream intercompany receivable loan facility terminated on 14 August 2024. The corresponding upstream facility to Vanquis Banking Group plc was also terminated.