NewDay Funding Loan Note Issuer Ltd

Company No. 09381659

Annual report and statutory financial statements

31 December 2020

Contents

General information

Directors

Paivi Helena Whitaker
Intertrust Directors 1 Limited
Intertrust Directors 2 Limited

Company secretary

Intertrust Corporate Services Limited

Registered office

1 Bartholomew Lane
London
EC2N 2AX

Solicitor

Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Strategic Report

The Directors present their annual report and audited financial statements of NewDay Funding Loan Note Issuer Ltd (the "Company") for the year ended 31 December 2020.

Incorporation and principal activities

The Company was incorporated on 9 January 2015 and is domiciled in England and Wales. The principal activities of the Company are financing in the form of borrowing and lending to various entities within the Group and external banks. The Company is a structured entity within the NewDay Group of entities (the "Group") on the basis of rights to variable returns, power and ability to affect the variable returns. The Company was established for the purpose of ultimately raising funding for the Group for the origination of credit card receivables.

Review of the Company's business and future developments

The Company issues debt in the form of variable funding notes to external banks and also variable and floating rate notes to other Group entities. All of the proceeds from the issuances of debt is used to either repay maturing debt or to purchase the rights to the benefits of designated credit card receivables of the NewDay Funding Transferor Ltd (the "Transferor") from the Receivables Trust in the form of a Deemed Loan to Originator (the "DLO"). Interest income received on the DLO, which is driven by the returns on the underlying credit cards used to collateralise the loan, is used to pay the interest payments on all of the issued debt, creating an economic hedge of movement in interest rates.

During the year the company has drawn-down an additional £193.2m on its variable funding notes to external banks which comprise the VFN-F1 and VFN-F2 Loan Notes, (collectively the "VFN Loan Notes") (2019: draw-down of £49.8m).

In April 2020, the company issued a VFN-F2 Loan Note for £150.0m and in July 2020 converted a VFN-F1 Loan Note held by an existing bank to a VFN-F2 Loan Note.

The Company has also drawn-down an additional £12.7m on the variable funding note (the "OVFN") held with NewDay Funding Transferor Ltd (a member of the Group) (2019: draw-down of £8.3m).

In June 2020 the Company repaid the class E element of the Series 2017-1 Loan Note held with NewDay Funding 2017-1 Plc of £16.5m, this was repaid a month prior to its maturity date. On the maturity date in July 2020, the Company then repaid the remaining classes totalling £227.8m.

In August 2020, the Company extended the maturity of part of the Series 2018-1 Loan Note which was due to mature in August 2020 to August 2021.

In December 2020, the Company extended the maturity of part of the Series 2018-2 Loan Note which was due to mature in December 2020 to December 2021.

In February 2021, the Company issued a Series 2021-1 Loan Note to NewDay Funding Master Issuer Plc of £400.0m.The funds received are to be largely used to repay the Series 2018-1 Loan Note which has a scheduled maturity date of August 2021.

The VFN Loan Notes are listed on The International Stock Exchange.

The ultimate source of payment on the issued debt is from collections on a portfolio of credit card accounts acquired by the Transferor and initially originated or acquired by NewDay Ltd (the "Originator"). The receivables arising on these credit card accounts have been and will be purchased by NewDay Funding Receivables Trustee Ltd (the "Receivables Trustee"), subject to certain criteria being satisfied, and held in trust for the Company.

The Company will continue to trade as a securitisation funding entity and is expected to make a minimal retained profit of £100 per month for each of the debt instruments in issue for the foreseeable future. Based on the structure of the company as a securitisation entity, the entity is required to have a retained profit each year.

Other than the external banks all entities the Company has entered into loan arrangements with are part of the Group.

Strategic Report (continued)

Principal risks and uncertainties

The Company participates in the Group-wide risk management framework of NewDay Group (Jersey) Limited, rather than being managed at individual entity level. Details of the Group's risk management framework, together with the Group's principal risks and uncertainties, which include those of the Company and resulting from the COVID-19 pandemic, are reported in the Annual Report and Financial Statements of NewDay Group (Jersey) Limited, which is publicly available.

The Company is subject to a risk of credit default on all its intercompany lending. The repayment is dependent on the performance of the counterparties which is reviewed on a regular basis.

Market risk is the risk that market movements will negatively affect the value of the Company's assets and liabilities. The only material market risk the Company is exposed to is interest rate risk. The main source of interest rate risk for the Company arises where there is a significant difference between the interest rate bases on assets compared to liabilities. The Company has mitigated this risk by matching the terms of the Intercompany Loan Notes to the Bonds.

Section 172(1) statement

The Company is a special purpose vehicle and as such performs a very limited range of activities. As a special purpose vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time of its incorporation. The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- the documents governing the financing and other principal transactions to which the Company is party (together, the "transaction documents") have been formulated with the aim of achieving the Company's purpose and business objectives, safeguarding the assets of the Company and promoting the success of the Company;
- in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;
- the Company has no employees;
- the Company has appointed various third parties to perform certain roles strictly governed by the transaction documents, fee arrangements agreed in advance and invoices paid strictly in accordance with the transaction documents (including a specified priority of payments);
- as a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment; and
- the Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purposes.

Key performance indicators

Given the nature of the business, the Company's Directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results

The audited financial statements and associated notes to the financial statements for the Company, for the year ended 31 December 2020 are set out on pages 14 to 27.

The Company made a profit before tax of £8,700 for the year ended 31 December 2020 (2019: £8,500). The retained profit is governed by the securitisation structure documents. The retained profits comprise of £100 per month for each of the debt instruments in issue.

On behalf of the Board

Sue Abrahams
Per pro Intertrust Directors 1 Limited
Director
10 March 2021

Directors' Report

The Directors present their Directors' report of the Company for the year ended 31 December 2020.

Directors and their interests

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

- Paivi Helena Whitaker
- Intertrust Directors 1 Limited
- Intertrust Directors 2 Limited

None of the Directors have any beneficial interest in the ordinary share capital of the Company. None of the Directors had any interest during the year in any material contract or arrangement with the Company.

The Directors do not propose the payment of a dividend for the year ended 31 December 2020 (2019: £nil).

Company Secretary

The Company Secretary during the year and up to the date of signing the financial statements was as follows:

- Intertrust Corporate Services Limited.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the Directors were in force during the year under review and remain in force as at the date of approval of the annual report and financial statements.

Issuance of shares

The Company was incorporated with share capital of £1 comprising 1 fully paid ordinary share of £1, issued on 9 January 2015. A third party trust, Crestbridge Corporate Trustees Limited currently holds in full the Company's entire issued share capital on a discretionary trust basis.

Corporate governance statement

As more fully described in the Section 172(1) statement in the Strategic Report, the directors have been charged with governance in accordance with the transaction documents which govern the structure and operation of the transactions to which the Company is party.

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

Business relationship statement

As more fully described in the Section 172(1) statement in the Strategic Report the directors have a responsibility for understanding the needs and concerns of all business relationships' of the Company.

Going concern

The Company's ultimate source of funds to make payments on the issued debt is from collections on a portfolio of credit card accounts held by the Transferor. The Company's funding structure only requires repayment of the issued debt in line with the repayment of these credit card accounts. Consequently, the Directors are satisfied that the Company will have sufficient liquid resources available to meet its obligations as they fall due.

The Company's borrowings have a scheduled maturity of between August 2021 and March 2024, which may be exercised at the sole discretion of the Directors, and a final maturity of between September 2025 and April 2028. In order for the redemption to occur at the scheduled maturity, the Company must realise some of the DLO so that it has sufficient funds to settle its borrowings. The redemption of all of the Company's borrowings without further issuance would result in the effective cessation of the Company's trade, followed by the orderly settlement of any remaining assets and liabilities and ultimately the dissolution of the Company. On this basis, it is not anticipated that the redemption of all the borrowings would occur in the foreseeable future.

The Directors believe that the existing plans and projections of business performance will be sufficient to allow the Company to continue to meet its current obligations. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the approval of the financial statements.

Directors' Report (continued)

Going concern (continued)

The Directors also considered the impact of Brexit and the COVID-19 pandemic on the Company including conducting scenario analysis of the potential impact on profitability and the capital markets and assessing the Company's ability to refinance in this scenario. Considering the scenario analysis and the Company's current funding position, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis as outlined in the statement of Directors' responsibilities.

Financial risk management

Information on financial risk management is included in the principal risks and uncertainties section of the Strategic Report.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all of the steps that they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information. This statement is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

Auditor

KPMG LLP, the auditor of the Company, has expressed their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006 KPMG LLP, subject to any resolution to the contrary, are deemed to have been re-appointed as auditor of the Company.

On behalf of the Board

Sue Abrahams
Per pro Intertrust Directors 1 Limited
Director
10 March 2021

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors’ 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 they have elected to prepare the financial statements in accordance with International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006;
- assess the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors’ Report, and Corporate Governance Statement that complies with that law and those regulations.

On behalf of the Board

Sue Abrahams
Per pro Intertrust Directors 1 Limited
Director
10 March 2021

KPMG

Independent auditor's report

to the members of NewDay Funding Loan Note Issuer Limited

1. Our opinion is unmodified

We have audited the financial statements of NewDay Funding Loan Note Issuer Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of profit and loss and other comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

— give a true and fair view of the state of Company's affairs as at 31 December 2020 and of its profit for the year then ended;

— have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to those charged with governance.

Overview		
Materiality: financial statements as a whole	£6,500,000 (2019:£6,500,000) 0.4% (2019: 0.4%) of Total Assets	
Key audit matters		**vs 2019**
Recurring risks	Recoverability of intercompany balances	◄►
	New: Going concern including the impact of COVID-19	▲

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Recoverability of intercompany debtor balances Intercompany debtor balance: (£1,635.1m; 2019: £1,674.5m) *Refer to page 19 (accounting policy) and page 23 (financial disclosures).*	**Low risk, high value:** The carrying amount of the intra-group debtor balances represents 100% (2019: 100%) of the Company's total assets. While recoverability is ultimately dependent upon the cash flows generated from the credit card receivables held by NewDay Partnership Transferor Plc, the recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its size in the context of the Company's financial statements, this is considered to be the area that had the greatest effect on our overall audit.	Our procedures included: **Test of detail:** We compared the carrying amount with the anticipated cash flows of the secured credit card receivables in NewDay Partnership Transferor Plc which relate to the Company and the terms within the Note Trust Deed which prescribe the ongoing operations of the NewDay Group funding structure as it applies to the Company. **Assessing Transparency:** We assessed the adequacy of the Company's disclosures in respect of the recoverability of the intra-group debtor balance.

KPMG

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Going Concern including the impact of COVID-19 *Refer to page 5 (Directors' report) and page 18 (Basis of presentation)*	**Disclosure quality:** The financial statements explain how the Directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company, with no material uncertainty disclosed. This judgement takes into account all relevant aspects including the impact of the economic environment. Economic events such as COVID-19 have had a significant economic impact on the UK economy. This has given rise to a challenge across the industry as entities have sought to factor the impact of this economic uncertainty into their forecasting and key accounting judgements. Through our risk assessment, we have focused our audit on considering this uncertainty in the areas of forecasting and the Directors' assessment of the appropriateness of the going concern basis of preparation. The judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risk most likely to affect the Company's available financial resources over the period is the ongoing economic uncertainty and its impact on the covenants and cash flows generated from the credit card receivables held by NewDay Funding Transferor Ltd and its ability to repay the external loan notes. The risk for our audit is whether or not a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. Had there been such an uncertainty, then that fact would need to be disclosed.	Our procedures included: **Our sector experience:** We considered the Directors' assessment of sources of risk for the Company's business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks. **Challenge of assumptions**: We inspected the Company's forecasting plans to identify the key assumptions within these. We challenged the reasonableness of assumptions underpinning the Company's forecasts. **Sensitivity analysis:** We challenged the severity of the stressed scenarios used by the Company in their assessments and the viability of possible management actions that might be required in the event of such stresses materialising. **Assessing Transparency:** We critically assessed the completeness and accuracy of the matters covered in the going concern disclosure within the financial statements using our knowledge of the relevant facts and circumstances developed during our audit work, considering the economic outlook, key areas of estimation uncertainty, and mitigating actions available to the Company to respond to these risks.

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments such as going concern and the recoverability of intercompany debtor balances, however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

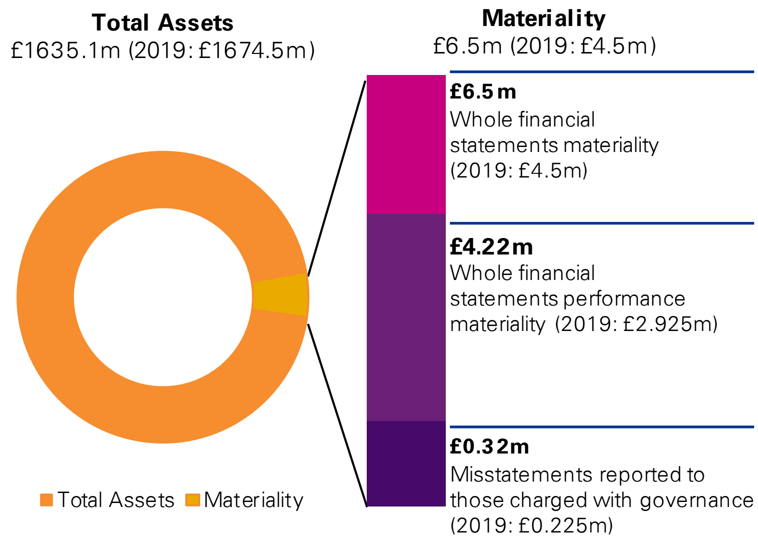
3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £6.5m (2019: £4.5m), determined with reference to a benchmark of total assets, of which it represents 0.40% (2019: 0.40%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 65% (2019 : 65%) of materiality for the financial statements as a whole, which equates to £4.22m (2019 : £2.925m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to those charged with governance any corrected or uncorrected identified misstatements exceeding £0.32m (2019: £0.225m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.



4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the key audit matter in section 2 of this report.

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and

— we found the going concern disclosure in note 2.1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud as part of the NewDay Group's overall risk assessment (which incorporates the Company). Our risk assessment procedures included:

• Enquiring of Directors, Those Charged With Governance, Internal Audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Company's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.

• Reading Board, Board Audit Committee and Board Risk Committee minutes.

• Considering remuneration incentive schemes and performance targets for management under the Group's Management Incentive Plan.

• Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited complexity/judgment applied in the calculation and recognition of revenue.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

• Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those whose descriptions contained reference to Group executives.

• Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

In addition, our assessment of risks involved gaining an understanding of the control environment including the Company's procedures for complying with laws and regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: conduct, bribery, money laundering and financial crime and certain aspects of Company legislation recognising the financial nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

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

— adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

— 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 these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

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. G. Pountney

Karl Pountney (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Square

Leeds

LS1 4DA

10 March 2021

Statement of profit and loss and other comprehensive income

	Note	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Interest and similar income	3	42.6	50.9
Interest and similar expense	4	(42.4)	(50.8)
Net interest income		**0.2**	**0.1**
Administration expenses	5	(0.2)	(0.1)
Total administration expenses		**(0.2)**	**(0.1)**
Profit before tax		**-**	**-**
Tax expense	6	-	-
Profit for the year		**-**	**-**
Other comprehensive income		-	-
Total comprehensive income for the year		**-**	**-**

The notes on pages 18 to 27 form an integral part of these statutory financial statements.

Statement of financial position

	Note	As at 31 December 2020 £m	As at 31 December 2019 £m
Assets			
Amounts due from other Group entities	7	1,635.1	1,674.5
Total assets		**1,635.1**	**1,674.5**
Liabilities			
Debt issued and other borrowed funds	8	282.5	89.2
Amounts due to other Group entities	9	1,352.6	1,585.3
Total liabilities		**1,635.1**	**1,674.5**
Net Assets		**-**	**-**
Capital and reserves			
Share capital	10	-	-
Retained earnings		-	-
Total equity		**-**	**-**

The notes on pages 18 to 27 form an integral part of these statutory financial statements. The financial statements on pages 14 to 27 were approved by the Board of Directors on 10 March 2021 and signed on its behalf by:

Sue Abrahams
Per pro Intertrust Directors 1 Limited
As Director

Company No. 09381659

Statement of changes in equity

	Share capital £m	Retained earnings £m	Total equity £m
As at 1 January 2020	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2020	**-**	**-**	**-**

	Share capital £m	Retained earnings £m	Total equity £m
As at 1 January 2019	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2019	**-**	**-**	**-**

The notes on pages 18 to 27 form an integral part of these statutory financial statements.

Statement of cash flows

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Operating activities		
Profit after tax	-	-
Adjustments for working capital:		
Interest and similar expense	42.4	50.8
Decrease/(increase) in amounts due from other Group entities	1.0	(1.8)
(Decrease)/increase in amounts due to other Group entities	(0.9)	1.2
Interest paid	(42.5)	(50.2)
Net cash flows used in operating activities	**-**	**-**
Financing activities		
Proceeds from issuance of external debt	327.4	148.5
Repayment from issuance of external debt	(134.2)	(98.7)
Proceeds from issuance of debt to other Group entities	55.8	633.7
Repayment from issuance of debt to other Group entities	(287.4)	(552.8)
Draw-down/(repayment) of the DLO	38.4	(130.7)
Net cash flows used in financing activities	**-**	**-**
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	**-**	**-**

The notes on pages 18 to 27 form an integral part of these statutory financial statements.

Notes to the financial statements

1. General information
NewDay Funding Loan Note Issuer Ltd (the "Company") was incorporated on 9 January 2015 and is domiciled in England and Wales. The Company was registered as a private limited company with the registration number 09381659. The address of its registered office is disclosed on page 2. The principal activities of the Company are described in the strategic report.

The financial statements of the Company for the year ended 31 December 2020 were authorised for issue by the Directors on 10 March 2021.

2. Accounting policies
2.1 Basis of preparation
The financial statements of the Company have been prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006. The comparative information has been prepared in accordance with IFRS as endorsed by the EU, there is no difference between IAS and IFRS endorsed by the EU therefore the change has had no impact on the financial statements.

The financial statements of the Company have been prepared on the historical cost basis and are presented in Sterling (£) and all values are rounded to the nearest £0.1m, except where otherwise stated.

Going concern
The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has sufficient resources to continue in business for the foreseeable future.

The Company's borrowings have a scheduled maturity of between August 2021 and March 2024, which may be exercised at the sole discretion of the Directors, and a final maturity of between September 2025 and April 2028. In order for the redemption to occur at the scheduled maturity, the Company must realise some of the DLO so that it has sufficient funds to settle its borrowings. The redemption of all of the Company's borrowings without further issuance would result in the effective cessation of the Company's trade, followed by the orderly settlement of any remaining assets and liabilities and ultimately the dissolution of the Company. On this basis, it is not anticipated that the redemption of all the borrowings would occur in the foreseeable future.

The Directors also considered the impact of Brexit and the COVID-19 pandemic on the Company including conducting scenario analysis of the potential impact on profitability and the capital markets and assessing the Company's ability to refinance in this scenario. Considering the scenario analysis and the Company's current funding position, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Therefore, the Financial Statements continue to be prepared on the going concern basis as outlined in the statement of Directors' responsibilities.

Presentation of financial statements
The Company presents its Statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 15.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of profit and loss unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

2.2 Summary of significant accounting policies
(1) Foreign currency
The financial statements are presented in Sterling which is the presentation and functional currency of the Company. The Company transacts wholly in Sterling.

(2) Financial instruments
(i) Date of recognition
Financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies
(ii) Classification of financial assets and financial liabilities
IFRS 9 Financial Instruments contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Classification is based on the business model in which a financial asset is managed and the contractual cash flow characteristics of the financial instruments (whether these are solely payments of principal and interest or not). The Company's business model objective is to hold assets to collect the contractual cash flows. Any financial asset sales are incidental to the objective of the business model. The Company has assessed the contractual cash flow characteristics of its financial assets to be consistent with a basic lending arrangement, being cash flows that are predominantly payments of principal and interest on the principal amount outstanding. Accordingly, the Company's financial assets are classified as measured at amortised cost.

Financial liabilities are held either as fair value or amortised cost depending on the nature of the underlying instrument.

(iii) Loans and advances to banks
Loans and advances to banks, as referred to in the balance sheet, comprise cash and cash equivalents (which are amounts due on demand or with an original maturity of three months or less).

(iv) Debt issued and other borrowed funds
Financial liabilities that are not designated at fair value through profit and loss are classified as liabilities under debt issued and other borrowed funds where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset.

After initial measurement, debt issued and other borrowed funds are measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on issue and directly attributable, incremental issue costs (such as debt funding issuance fees) that are an integral part of the EIR.

(3) Derecognition of financial assets and financial liabilities
(i) Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:
    - the Company has transferred substantially all the risks and rewards of the asset; or
    - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset but it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement determined by the extent to which it is exposed to changes in the value of the transferred asset.

(ii) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the income statement.

(4) Determination of fair value
For all financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist and other relevant valuation models.

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)
(5) Impairment of financial assets
(i) Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Company assesses impairment on a collective basis for all financial assets that are not individually significant.

IFRS 9 prescribes a forward-looking Expected Credit Loss (ECL) model for financial assets measured at amortised cost. An impairment provision is recognised on origination of a financial asset, based on its expected credit loss. Under IFRS 9, expected loss allowances are measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition (including those which are credit-impaired) or if it was purchased or originated credit-impaired (POCI), otherwise the 12-month ECL measurement applies.

Financial assets where 12-month ECL is recognised are classified as ‘stage 1’; financial assets that are considered to have experienced a significant increase in credit risk since initial recognition but are not credit-impaired, are classified as ‘stage 2’; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit-impaired, are classified as ‘stage 3’.

(6) Recognition of income and expenses
Income and expenses are recognised to the extent that it is probable that economic benefits will flow to or from the Company and the amount can be reliably measured. The following specific recognition criteria must also be met before income or expenses are recognised:

(i) Interest and similar income and expense
Interest income and expense are recognised in the income statement using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying value of the financial assets; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments the Company estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses. The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(ii) Administration expenses
Administration expenses are recognised on an accruals basis, when the amounts are incurred by the Company and the amount can be reliably measured.

(7) Tax expense
Current tax assets and liabilities arising in current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

At incorporation the Company was automatically and mandatorily entered into the permanent regime for the taxation of securitisation companies. Taxable profits under the permanent regime will equal the contractually retained profit as defined by the transaction documents.

(8) Ordinary shares
The Company applies IAS 32 ‘Financial Instruments: Presentation’ to determine whether funding is either a financial liability or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Company having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds are included in equity, net of transaction costs.

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)
(9) Deemed Loan to Originator ("DLO")
The Company has purchased the rights to the benefits of designated credit card receivables of the Transferor from the Receivables Trust. The Transferor continues to recognise the credit card account receivables on its own balance sheet because it retains their risks and rewards through the receipt of substantially all of the profits or losses of the receivables. The purchase of the rights is reflected in the Company accounts as a deemed loan repayable by the Transferor, known as the Deemed Loan to Originator ("DLO").

The DLO is initially recorded at fair value with subsequent measurement including drawdowns, repayments, interest and impairment. The returns on the DLO are driven by the returns on the underlying credit cards used to collateralise this loan

2.3 Significant accounting judgements, estimates and assumptions
The Company has made no significant judgements, estimates or assumptions in the year.

2.4 Adoption of new and revised standards
The following new standards, interpretations and amendments to existing standards are mandatory for the first time for the year ended 31 December 2020 but do not have a significant impact on the Company:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Amendments to IAS 1 and IAS 8 for the definition of material;
- Amendments to IFRS 3 'Business Combinations'; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 for interest rate benchmark reform.

2.5 Standards issued but not yet effective
The following accounting standards and interpretations have been issued by the International Accounting Standards Board (IASB) and adopted by the UK but have not been early adopted by the Company:

- Amendment to IFRS 16 'Leases' for COVID-19 released rent concessions. This amendment is not expected to have a significant impact on the Company's financial statements;
- Interest Rate Benchmark Reform- Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). The amendments are not expected to have a significant impact on the Company's financial statements;
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. This amendment clarifies the costs that comprise the costs of fulfilling a contract. This amendment is not expected to have a significant impact on the Company's financial statements;
- Amendment to IFRS 16 'Leases' for property, plant and equipment: proceeds before intended use. This amendment provides more guidance on accounting for the proceeds from selling items before the related item of property, plant and equipment is available for use. The amendment is not expected to have a significant impact on the Company's financial statements;
- Amendments to References to Conceptual Framework in IFRS Standards. The amendments are not expected to have a significant impact on the Company's financial statements;
- Amendments to IAS 1 'Presentation of Financial Statements'. The amendments provide more guidance on the definition of a current and non-current liability. The amendments are not expected to have a significant impact on the Company's financial statement;
- IFRS 17 'Insurance Contracts'. IFRS 17 replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. This standard is not expected to have a significant impact on the Company's financial statements; and
- Annual improvements to IFRS Standards 2018-2020. This standard is not expected to have a significant impact on the Company's financial statements.

3. Interest and similar income

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Interest income from the DLO	41.9	50.5
Other income from Group entities	0.7	0.4
	42.6	**50.9**

Other income from Group entities relates to income received to finance debt funding and other fees incurred.

Following the maturity extension of part of the DLO, as detailed in note 7, interest income from the DLO has increased by £0.4m in the year.

Notes to the financial statements (continued)

4. Interest and similar expense

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Interest expense on the VFN Loan Notes	4.9	3.7
Interest expense on the OVFN	7.6	6.9
Interest expense on the Series 2015-2 Loan Note	-	7.6
Interest expense on the Series 2016-1 Loan Note	-	4.1
Interest expense on the Series 2017-1 Loan Note	2.6	5.7
Interest expense on the Series 2018-1 Loan Note	6.2	7.6
Interest expense on the Series 2018-2 Loan Note	6.8	4.5
Interest expense on the Series 2019-1 Loan Note	6.7	7.9
Interest expense on the Series 2019-2 Loan Note	7.1	2.6
Debt funding fees	0.5	0.2
	42.4	**50.8**

Following the maturity extension of certain classes of the Series 2018-1 and Series 2018-2 Loan Notes, as detailed in note 9, interest and similar expense related to these notes has increased by £0.1m and £0.3m respectively.Notes

5. Administration expenses

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Administration expenses	0.2	0.1
Total tax expense	**0.2**	**0.1**

Corporate service fees of £19,100 (2019: £11,900) were paid to Intertrust Management Limited, for management and administration services.

The Company has no employees. The Directors did not receive any emoluments in respect of their services to the Company for the year (2019: £nil). External audit fees of £8,000 (2019: £7,500) for the audit of the Company's financial statements were borne by NewDay Cards Ltd, a member of the Group.

6. Tax expense

The components of income tax expense for the year ended 31 December 2020 were:

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
UK corporation tax on profits for the year	-	-
Total tax expense	**-**	**-**

For the year from 31 December 2020 the enacted UK Company tax rate was 19% (2019: 19%). The tax reconciliation is shown below:

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Profit on ordinary activities before taxation	-	-
Total taxable profit	**-**	**-**
Tax charge at average of 19% (2019: 19%)	-	-
Total tax expense	**-**	**-**

Notes to the financial statements (continued)

7. Amounts due from Group entities

	As at 31 December 2020 £m	As at 31 December 2019 £m
The DLO	1,614.9	1,653.3
Amounts due from NewDay Funding Receivables Trustee Ltd	20.2	21.2
	1,635.1	**1,674.5**

The DLO is held with NewDay Funding Transferor Ltd. The amount due from NewDay Funding Receivables Trustee Ltd is in relation to amounts being held as a liquidity reserve by the Receivables Trustee.

In August and December 2020, in line with the maturity extensions as detailed in note 9, the maturity of elements of the DLO were also extended by a further 12 months from August 2020 to August 2021 and December 2020 to December 2021. In accordance with IFRS 9, the revised contractual cashflows have been discounted at the original effective interest rate, which has resulted in an increase in the asset of £0.4m with a corresponding income to interest and similar income in the income statement.

8. Debt issued and other borrowed funds

	As at 31 December 2020 £m	As at 31 December 2019 £m
VFN Loan Notes	283.5	90.2
Capitalised debt funding fees	(1.0)	(1.0)
	282.5	**89.2**

Scheduled maturities of debt issued and other borrowed funds are as follows:

VFN Loan Notes	As at 31 December 2020 £m	As at 31 December 2019 £m
Less than one year	76.4	13.9
Between one and two years	54.5	31.6
Between two and five years	152.6	44.7
	283.5	**90.2**

9. Amounts owed to Group entities

	As at 31 December 2020 £m	As at 31 December 2019 £m
Series 2017-1 Loan Note	-	244.5
Series 2018-1 Loan Note	333.0	332.9
Series 2018-2 Loan Note	293.7	293.4
Series 2019-1 Loan Note	285.3	285.4
Series 2019-2 Loan Note	317.7	317.9
The OVFN	101.7	89.1
Amounts due to NewDay Funding Transferor Ltd	21.2	22.1
	1,352.6	**1,585.3**

The Series 2017-1 Loan Note was repaid to NewDay Funding 2017-1 Plc during the year.

Notes to the financial statements (continued)

9. Amounts owed to Group entities (continued)
During August 2020, the scheduled maturity date of the Class A1 element of the Series 2018-1 Loan Note was extended for a further 12 months from August 2020 to August 2021. Additionally during December 2020 the scheduled maturity date of the Class A1 element of the Series 2018-2 Loan Note was also extended for a further 12 months from December 2020 to December 2021. In accordance with IFRS 9 the revised contractual cashflows have been discounted at the original effective interest rate which has resulted in an increase in the liability of the Series 2018-1 and Series 2018-2 Loan Note of £0.1m and £0.3m, respectively, with a corresponding charge to interest and similar expense in the income statement.

Included within the amounts due to NewDay Funding Transferor Ltd is £20.2m (2019: £21.1m) in relation to amounts being held by the Receivables Trustee as a liquidity reserve on behalf of the Transferor and the Company.

10. Share capital and reserves

	As at 31 December 2020 £	As at 31 December 2019 £
Ordinary share of £1, issued, fully paid and called up	1	1
	1	**1**

Issued called up, and fully paid share capital ordinary share (£1)	**2020**		**2019**	
	Number of shares	**Nominal value £**	**Number of shares**	**Nominal value £**
Subscriber share on incorporation	1	1	1	1
Issue of shares	-	-	-	-
As at 31 December	**1**	**1**	**1**	**1**

Crestbridge Corporate Trustee Limited holds in full the Company's entire issued share capital on a discretionary trust basis.

The share is non-redeemable and holds full rights in respect of voting and entitles the holder to full participation in respect of equity and in the event of winding up of the Company.

No dividend was proposed or paid during the year (2019: £nil).

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006. The Company manages its capital and resources to ensure that there is sufficient capital to meet the needs of its operations.

The Company is subject to the requirements of the securitisation transaction documents in the form of a fixed monthly retained profit, being £100 per month for each of the issued debt instruments in issue. The retained profit for the year is £8,700, the transactions of the Company are structured to ensure that this amount is retained each month.

11. Fair value of financial instruments
Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs, other than observable unadjusted quoted prices included within level 1, which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the financial statements (continued)

11. Fair value of financial instruments (continued)
Fair value of financial instruments carried at amortised cost
Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments. During the year there have been no transfers between levels (2019: none).

As at 31 December 2020	Level 1 £m	Level 2 £m	Level 3 £m	Total Carrying value £m	Fair value £m
Financial assets					
Amounts due from Group entities	-	1,635.1	-	1,635.1	1,635.1
Total financial assets	**-**	**1,635.1**	**-**	**1,635.1**	**1,635.1**
Financial liabilities					
Debt issued and other borrowed funds	-	(282.5)	-	(282.5)	(282.5)
Amounts owed to other Group entities	-	(1,352.6)	-	(1,352.6)	(1,361.4)
Total financial liabilities	**-**	**(1,635.1)**	**-**	**(1,635.1)**	**(1,643.9)**

As at 31 December 2019	Level 1 £m	Level 2 £m	Level 3 £m	Total Carrying value £m	Fair value £m
Financial assets					
Amounts due from Group entities	-	1,674.5	-	1,674.5	1,674.5
Total financial assets	**-**	**1,674.5**	**-**	**1,674.5**	**1,674.5**
Financial liabilities					
Debt issued and other borrowed funds	-	(89.2)	-	(89.2)	(89.2)
Amounts owed to other Group entities	-	(1,585.3)	-	(1,585.3)	(1,585.9)
Total financial liabilities	**-**	**(1,674.5)**	**-**	**(1,674.5)**	**(1,675.1)**

Amounts due from/owed to other Group entities:
These balances owed to Group entities contain the floating rate notes issued to other Group entities as detailed in note 9. The fair value can be determined using market observable inputs of the publicly listed term debt issued by the counterparty which is on identical terms to the loan notes, therefore has been classified as level 2. The balances due from Group entities contain the DLO and OVFN. The fair value can be determined using the receivables of the Transferor which are re-priced in line with market rates, as a result the fair value is considered equal to the carrying value. The fair value of the remaining balances approximates to the carrying values as there has been no significant market conditions that would have caused a difference between the two values.

Debt issued and other borrowed funds:
This balance contains the variable funding notes issued to external banks. The fair value approximates to its carrying value. These variable funding notes are private bilateral agreements that can be drawn upon and repaid by the borrower at short notice. These issuances have been classified as level 2.

12. Credit risk
The Company is exposed to credit risk via amounts due from other Group entities and cash and balances at banks. The Company's ability to meet payments on the issued debt relies on the receipt of funds on the DLO, which in turn is dependent on receipt of payments on the credit card receivables portfolio held in trust. To minimise risk, any credit card receivables included in the portfolio is required to meet a number of criteria as determined in the transaction documentation.

The maximum credit risk exposure as at 31 December 2020 is as follows:

	As at 31 December 2020 £m	As at 31 December 2019 £m
Amounts due from other Group entities	1,635.1	1,674.5
	1,635.1	**1,674.5**

Notes to the financial statements (continued)

12. Credit risk (continued)
No impairment has been recognised in respect of any financial assets, and no financial assets were past due. All amounts due from other group entities are classified as per IFRS 9 as Stage 1 as at 31 December 2020 (31 December 2019: Stage 1).

13. Interest risk
The Company is not subject to interest rate risk as the terms of the Company's liabilities are matched to those of its assets.

14. Liquidity and funding risk
Liquidity and funding risk is the risk that the Company is not able to meet its liabilities when they are due under normal conditions, and under a liquidity stress as defined by the internal stress requirements computed and analysed at the Group level or can do so only at excessive cost. The Company currently funds itself via the DLO. The maturity profile of the DLO is structured to match the contractual profile of the debt issued to external banks and other companies with the Group, which effectively mitigates the overall liquidity risk.

The table below summarises the scheduled maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st December 2020.

Scheduled maturities of undiscounted cash flows of financial liabilities:

	As at 31 December 2020					
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Over 5 years £m	Total £m
Financial liabilities						
Debt issued and other borrowed funds	-	1.1	79.3	211.8	-	292.2
Amounts owed to Group entities	21.2	8.0	788.7	479.4	127.5	1,424.8
	21.2	**9.1**	**868.0**	**691.2**	**127.5**	**1,717.0**

	As at 31 December 2019					
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Over 5 years £m	Total £m
Financial liabilities						
Debt issued and other borrowed funds	-	0.5	15.3	77.7	-	93.5
Amounts owed to Group entities	22.1	10.8	462.6	1,097.1	119.7	1,712.3
	22.1	**11.3**	**477.9**	**1,174.8**	**119.7**	**1,805.8**

15. Maturity analysis of assets and liabilities
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 December 2020		
	< 12 months £m	> 12 months £m	Total £m
Assets			
Amounts due from other Group entities	775.2	859.9	1,635.1
Total assets	**775.2**	**859.9**	**1,635.1**
Liabilities			
Debt issued and borrowed funds	(76.4)	(206.1)	(282.5)
Amounts owed to other Group entities	(698.8)	(653.8)	(1,352.6)
Total liabilities	**(775.2)**	**(859.9)**	**(1,635.1)**

Notes to the financial statements (continued)

15. Maturity analysis of assets and liabilities (continued)

	As at 31 December 2019		
	< 12 months £m	**> 12 months £m**	**Total £m**
Assets			
Amounts due from other Group entities	445.5	1,229.0	1,674.5
Total assets	**445.5**	**1,229.0**	**1,674.5**
Liabilities			
Debt issued and borrowed funds	(13.7)	(75.5)	(89.2)
Amounts owed to other Group entities	(431.8)	(1,153.5)	(1,585.3)
Total liabilities	**(445.5)**	**(1,229.0)**	**(1,674.5)**

16. Parent undertaking, controlling party and consolidation

The Company's immediate parent undertaking is Crestbridge Corporate Trustee Limited, a Company registered in Jersey which holds in full the entire beneficial interest in the issued share capital of the Company on a discretionary trust basis under a share trust deed.

Under IFRS, the Company's financial statements are consolidated into the financial statements of NewDay Group (Jersey) Ltd on the basis of rights to variable returns, power and ability to affect the variable returns. Copies of NewDay Group (Jersey) Ltd consolidated financial statements are available from the Group's website www.newday.co.uk or its registered offices at:

27 Esplanade
St Helier
Jersey
JE1 1SG

17. Related party transactions

The Company has both assets and liabilities due from other Group entities. Details of the balances as at 31 December 2020 and interest and similar amounts paid and received in the year ended 31 December 2020 are detailed below:

	Year ended 31 December 2020 £m	**As at 31 December 2020 £m**
Other assets due from Group entities	n/a	1,635.1
Other liabilities due to Group entities	n/a	(1,352.6)
Interest and similar amounts received from Group entities	42.6	n/a
Interest and similar amounts paid to Group entities	(37.0)	n/a

	Year ended 31 December 2019 £m	**As at 31 December 2019 £m**
Other assets due from Group entities	n/a	1,674.5
Other liabilities due to Group entities	n/a	(1,585.3)
Interest and similar amounts received from Group entities	50.9	n/a
Interest and similar amounts paid to Group entities	(46.9)	n/a

The Company has no employees and services required are contracted from NewDay Cards Ltd and third parties. No Directors remuneration was paid by the Company in respect of qualifying services rendered during the year ended 31 December 2020.

The Company paid £19,100 (2019: £11,900) to Intertrust Management Limited for administrative and managerial services during the year. Intertrust Directors 1 Limited and Intertrust Directors 2 Limited, are wholly owned subsidiaries of Intertrust Management Limited.

18. Post balance sheet events

In February 2021, the Company issued a Series 2021-1 Loan Note to NewDay Funding Master Issuer Plc for £380.0m.