NewDay BondCo Plc

Company Number 10466251

Annual report and statutory financial statements

31 December 2022

Contents

General information

Directors

John Hourican

Paul Sheriff

Company secretary

Stephen Rowland

Registered office

7 Handyside Street
London
N1C 4DA

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 the audited financial statements of NewDay BondCo Plc (the "Company") for the year ended 31 December 2022.

Incorporation and principal activities

The Company was incorporated on 7 November 2016 and is domiciled in England and Wales. The principal activities of the Company are to issue listed term debt with the proceeds of such debt used to finance the activities of NewDay Group (Jersey) Limited and its subsidiaries and structured entities (collectively known as the Group).

Review of the Company's business and future developments

On 25 January 2017, the Company issued publicly listed Senior Secured Notes comprising £275.0m Fixed Rate Senior Secured Notes at an interest rate of 7.375% per annum due 2024 and £150.0m Floating Rate Senior Secured Notes at an interest rate of three-month LIBOR plus a margin of 6.5% per annum (collectively the "Senior Secured Notes"). On the 26 January 2017, the Company purchased a fixed and a floating rate loan note from NewDay UK Limited for £275.0m and £150.0m respectively (collectively the "Intercompany Loan Notes"). The terms of these instruments are identical to the terms of the Senior Secured Notes. The Company's primary source of income to service the interest on the Senior Secured Notes is interest income on the Intercompany Loan Notes.

On 7 July 2021, the Fixed Rate Senior Secured Note value was increased by £50.0m. The Senior Secured Notes have the same terms and conditions as the existing notes. The proceeds, together with cash on hand, were used to fully redeem the Floating Rate Senior Secured Note on 9 July 2021.

Simultaneously, the fixed rate Intercompany Loan Notes value were increased by £50.0m and the floating rate Intercompany Loan Notes were fully redeemed.

In December 2022, the Company completed and Exchange Offer to Eligible Holders to exchange its issued and outstanding 7.375% Senior Secured Notes due 2024 for its new 13.25% Senior Secured Notes due 2026. On the completion of the Exchange Offer, £264.1m in aggregate principal amount of the Existing Notes were refinanced or repaid, of which £237.7m was exchanged for new notes and £26.4m was repaid in cash.

Simultaneously, the fixed rate Intercompany Loan Notes value were reduced by £26.4m.

As at 31 December 2022, the Senior Secured Notes are obligations of the Company and are guaranteed by NewDay Group UK Limited, NewDay UK Limited, NewDay Holdings Ltd, NewDay Intermediate Holdings Limited, NewDay Cards Ltd, NewDay Reserve Funding Ltd, NewDay Technology Ltd and NewDay Group Holdings S.à r.l., who are all members of the Group.

The Senior Secured Notes are listed on The International Stock Exchange.

The Company does not expect any significant changes to the nature of its business in the foreseeable future.

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, 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 Senior Secured Notes.

The overall risk appetite of the Company is low, reflected in the structuring of and the flow of transactions it is a party to.

Key performance indicators and results

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.

Strategic report (continued)

Results and dividends

The audited financial statements for the year ended 31 December 2022 are set out on pages 13 to 25. The Company made £nil profit in the year as shown in the statement of profit and loss on page 13 (2021: £0.3m).

The Directors do not propose the payment of a dividend for the year ended 31 December 2022 (2021: none).

On behalf of the Board

Paul Sheriff
Director
22 June 2023

Directors' report

The Directors present their report for the year ended 31 December 2022.

Directors and their interests

The Directors who held office during the year were as follows:

- John Hourican
- Paul Sheriff

Company secretary

The company secretary during the year and up to the date of approval of the financial statements, was as follows:

- Stephen Rowland

The Group maintains appropriate insurance cover in the unlikely event of legal action being brought against the Directors.

Issuance of shares

The Company has share capital of £50,000 comprising 50,000 fully paid ordinary shares of £1, issued on incorporation. NewDay Group UK Limited holds the Company's entire issued share capital.

Corporate governance statement

The Company participates in the Group-wide corporate governance framework of NewDay Group (Jersey) Limited, which establish procedures designed to safeguard 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 compliance with regulatory obligations.

Due to the nature of the securities which have been issued, the Company is exempt from the requirements of the Financial Conduct Authority ('FCA') Disclosure and Transparency Rules 7.1 Audit Committees and 7.2 Corporate Governance statements (save for the rule 7.2.5 requiring description of the features of the internal control and risk management systems), which would otherwise require the Company respectively to have an audit committee in place and to include a corporate governance statement in the report of the Directors. The Directors are satisfied that there is no requirement for an audit committee or for a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

Going concern

The Company's borrowings are structured so as to only require repayment of the Senior Secured Notes on maturity, in line with the repayment of the Intercompany Loan Notes. The Company is therefore dependent on NewDay UK Limited satisfying its obligations on the Intercompany Loan Notes at that time. This company forms part of the Group which is exposed to uncertainties around the strength of the overall economy and the UK consumer credit market. The Directors have assessed the going concern status of the Group and conclude that there is no significant doubt over their ability to continue as a going concern.

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.

The Directors have considered the impact of the UK economic outlook 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.

The Directors also considered the position of NewDay Group (Jersey) Limited, its ultimate parent, in conjunction with the wider Group. The Directors of NewDay Group (Jersey) Limited have concluded that there are no material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern and that it is appropriate to prepare the Group's financial statements on a going concern basis. The audit report on the financial statements of NewDay Group (Jersey) Limited is not qualified and does not contain an emphasis of matter paragraph in respect of going concern.

Directors' report (continued)

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 are 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

The auditor, KPMG LLP, is to remain in office until the conclusion of the Company's annual general meeting. Having expressed their willingness to continue in office, a resolution for the re-appointment of KPMG LLP will be proposed at the forthcoming annual general meeting, pursuant to section 489 of the Companies Act 2006.

On behalf of the Board

Paul Sheriff
Director
22 June 2023

Statement of directors' responsibilities in respect of the annual report, the strategic report, the directors’ report and the financial statements

The directors are responsible for preparing the Annual Report, 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 UK-adopted international accounting standards 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 UK-adopted international accounting standards;
- 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 and a Directors’ Report that complies with that law and those regulations.

On behalf of the Board

Paul Sheriff
Director
22 June 2023

Independent auditor's report

to the members of NewDay BondCo Plc

1. Our opinion is unmodified

We have audited the financial statements of NewDay BondCo Plc ("the Company") for the year ended 31 December 2022 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 the Company's affairs as at 31 December 2022 and of its result for the year then ended;

— have been properly prepared in accordance with UK-adopted international accounting standards; 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.

Overview		
Materiality: financial statements as a whole	£2.1m (2021: £2.4m) 0.7% (2021: 0.7%) of Total Assets	
Key audit matters		**vs 2021**
Recurring risks	Recoverability of amounts due from other Group entities	◄►

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 (unchanged from 2021):

	The risk	Our response
Recoverability of amounts due from other Group entities (£302.5 million; 2021: £335.0 million) *Refer to page 19 accounting policy and page 21 financial disclosures.*	**Low risk, high value:** The Company is part of a group headed by NewDay Group (Jersey) Limited ("the Group"). The carrying amount of the amounts due from other Group entities represents 99.9% of the Company's total assets. Whilst recoverability is ultimately dependent upon the cash flows generated from the credit card receivables held by NewDay Funding Transferor Ltd and 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 Funding Transferor Ltd and 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 amounts due from other Group entities.

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

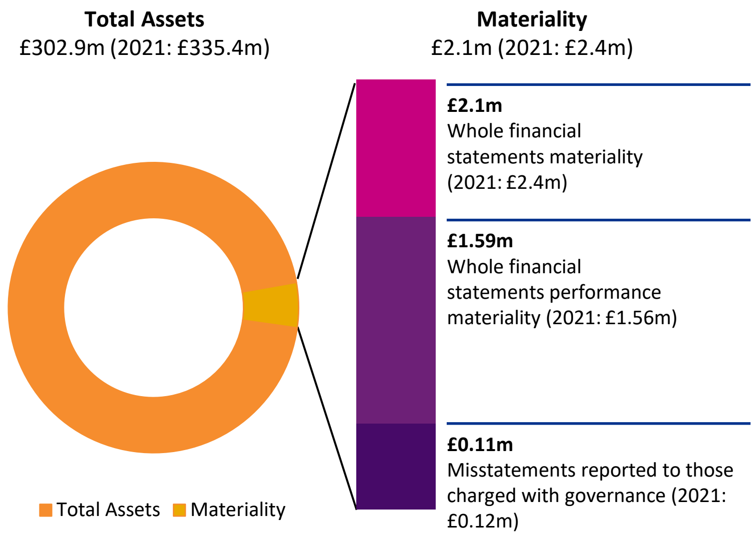
Materiality for the financial statements as a whole was set at £2.1m (2021: £2.4m), determined with reference to a benchmark of total assets, of which it represents 0.7% (2021: 0.7%).

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 75% (2021: 65%) of materiality for the financial statements as a whole, which equates to £1.59m (2021: £1.56m). 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 the those charged with governance any corrected or uncorrected identified misstatements exceeding £0.11m (2021: £0.12m), 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.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive



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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period

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, 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 whether the judgements made in making accounting estimates are indicative of a potential 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.

9. 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 Street

Leeds

LS1 4DA

22 June 2023

Statement of profit and loss and other comprehensive income

	Note	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest and similar income	3	24.8	27.2
Interest and similar expense	4	(24.8)	(26.9)
Net interest income		**-**	**0.3**
Profit before tax		**-**	**0.3**
Tax expense	6	-	-
Profit after tax		**-**	**0.3**
Other comprehensive income		-	-
Total comprehensive income		**-**	**0.3**

The notes on pages 17 to 25 form an integral part of these statutory financial statements.

Statement of financial position

	Note	As at 31 December 2022 £m	As at 31 December 2021 £m
Assets			
Other assets	7	302.9	335.4
Total assets		**302.9**	**335.4**
Liabilities			
Debt issued and other borrowed funds	8	302.5	335.0
Total liabilities		**302.5**	**335.0**
Net assets		**0.4**	**0.4**
Capital and reserves			
Share capital	9	0.1	0.1
Retained earnings		0.3	0.3
Total equity		**0.4**	**0.4**

The notes on pages 17 to 25 form an integral part of these statutory financial statements.

The financial statements and accompanying notes on pages 13 to 25 were approved by the Board of Directors on 22 June 2023 and signed on its behalf by:

Paul Sheriff
Director

Company Number 10466251

Statement of changes in equity

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2022	0.1	0.3	0.4
Total comprehensive income for the year	-	-	-
At 31 December 2022	**0.1**	**0.3**	**0.4**

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2021	0.1	-	0.1
Total comprehensive income for the year	-	0.3	0.3
At 31 December 2021	**0.1**	**0.3**	**0.4**

The notes on pages 17 to 25 form an integral part of these statutory financial statements.

Statement of cash flows

	Note	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Operating activities			
Profit before tax		-	0.3
Interest and similar expense	4	24.8	26.9
Changes in working capital:			
Decrease in amounts due from other Group entities		32.5	99.9
Interest paid		(30.8)	(27.4)
Net cash generated from operating activities		**26.5**	**99.7**
Financing activities			
Proceeds from debt issued and other borrowed funds		237.6	50.3
Repayment of debt issued and other borrowed funds		(264.1)	(150.0)
Net cash flows used in from financing activities		**(26.5)**	**(99.7)**
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 17 to 25 form an integral part of these statutory financial statements.

Notes to the financial statements

1. Corporate information

NewDay BondCo Plc (the "Company") was incorporated on 7 November 2016 and is domiciled in England and Wales. The Company was registered as a public limited company with the registration number 10466251 under the name Nemean BondCo Plc. The Company changed its name to NewDay BondCo Plc on 4 May 2017. The address of its registered office is included 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 2022 were authorised for issue by the Board of Directors on 22 June 2023.

2. Accounting policies

2.1 Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards.

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

Going concern

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. The Directors also considered the impact of the UK economic outlook 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.

The directors' considerations in respect of going concern are explained in further detail in the Directors' report on page 5.

Presentation of financial statements

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 14.

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 presentational and functional currency of the Company. The Company transacts wholly in Sterling.

(2) Interest and similar income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR). The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes certain fees or directly attributable issue costs that are an integral part of the EIR, but not future credit losses.

(3) Tax expense

(i) Current tax

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 tax balances are those that are enacted or substantively enacted by the reporting date.

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)

(3) Tax expense (continued)

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. Deferred tax is determined using the tax rate and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related tax asset is realised or the tax liability is settled. Deferred tax assets are recognised only when it is probable that future taxable profits will be available against which these temporary differences can be utilised. The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

(4) 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.

(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) 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 EIR. Amortised cost is calculated by taking into account any discount or premium on issue and directly attributable, incremental issue costs that are an integral part of the EIR.

(5) 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;
- the performance of the asset suggests there is no reasonable expectation of its recovery and it is therefore written off; 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.

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)

(6) 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.

(7) 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'.

(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.

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 amendments to existing standards are mandatory for the first time for the year ended 31 December 2022 but do not have a significant impact on the Company.

- Amendments to IFRS 16 'Leases' – COVID-19-related rent concessions beyond 30 June 2021. The amendments extend the time period over which the practical expedient introduced by earlier amendments is available for use.
- Annual improvements to IFRS standards 2018-2020 cycle. Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.
- Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' – onerous contracts: cost of fulfilling a contract. The amendments specify which costs to include when assessing whether a contract will be loss-making.
- Amendments to IAS 16 'Property, plant and equipment' – proceeds before intended use. The amendments require amounts received from selling items produced while preparing the asset for its intended use to be recognised in profit or loss, and not as an adjustment to the cost of the asset.
- Amendments to IFRS 3 'Business combinations' – reference to the Conceptual Framework. The amendments update certain references to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

2.5 Standards issued but not yet effective

The following accounting standards and interpretations have been issued by the International Accounting Standards Board but have not been early adopted by the Company.

Notes to the financial statements (continued)

2.5 Standards issued but not yet effective (continued)

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2. The amendments provide more guidance on the definition of a current and non-current liability, guidance on disclosures for liabilities subject to covenants, and guidance on relevant accounting policy disclosures.
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The amendments introduce a new definition for accounting estimates and clarify the relationship between accounting policies and accounting estimates.
- Amendments to IAS 12 'Income Taxes'. The amendments clarify how companies should account for deferred tax on certain transactions, such as leases and decommissioning provisions.

The items noted above are not expected to have a significant impact on the Company's Financial Statements.

3. Interest and similar income

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest income on the Intercompany Loan Notes	24.8	27.2
	24.8	**27.2**

4. Interest and similar expense

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest expense on the Senior Secured Notes	24.8	26.9
	24.8	**26.9**

5. Administration expenses

Administration costs associated with the issuance of the Senior Secured Notes are borne by NewDay Group (Jersey) Limited. 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 £20,000 (2021: £20,000) for the audit of the Company's financial statements were borne by NewDay Cards Ltd, a member of the Group.

6. Tax expense

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Tax expense	-	-
	-	**-**

For the period from 1 January 2022 to 31 December 2022 the enacted UK corporation tax rate was 19.00% (2021: 19.00%).

The tax reconciliation is shown below:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit before tax	-	0.3
Tax charge at average UK corporation tax of 19.00% (2021: 19.00%)	-	0.1
Effects of:		
Group relief	-	(0.1)
Tax expense	**-**	**-**

Notes to the financial statements (continued)

7. Amounts due from other Group entities

	As at 31 December 2022 £m	As at 31 December 2021 £m
Intercompany Loan Notes	302.5	335.0
Other	0.4	0.4
	302.9	**335.4**

On 26 January 2017 the Company purchased two loans notes from NewDay UK Limited; a fixed rate note at a value of £275.0m at an interest rate of 7.375% per annum due 2024 and a floating rate note at a value of £150.0m at an interest rate of three-month LIBOR plus a margin of 6.5% per annum due 2022.

On 7 July 2021, the fixed rate note value was increased by £50.0m. Subsequently, on 9 July 2021 the floating rate note was fully redeemed by NewDay UK Limited. On 7 December 2022, NewDay UK Limited settled £264.1m of the Intercompany Loan Notes and the Company purchased an additional £237.7m of Intercompany Loan Notes at a fixed rate of 13.25% per annum due 2026.

8. Debt issued and other borrowed funds

Senior Secured Notes	**Interest rate**	**As at 31 December 2022 £m**	**As at 31 December 2021 £m**
Fixed Rate Senior Secured Note	7.375%	62.8	335.0
Fixed Rate Senior Secured Note	13.25%	239.7	-
Debt issued and other borrowed funds		**302.5**	**335.0**

On 25 January 2017 the Company issued £425.0m Senior Secured Notes comprising £275.0m Fixed Rate Senior Secured Notes due in 2024 and £150.0m Floating Rate Senior Secured Notes that were due in 2023 before being repaid.

The Senior Secured Notes are obligations of the Company and are guaranteed by NewDay Group UK Limited, NewDay UK Limited, NewDay Holdings Ltd, NewDay Intermediate Holdings Limited, NewDay Cards Ltd, NewDay Reserve Funding Ltd, NewDay Technology Ltd and NewDay Group Holdings S.à r.l., who are all members of the Group

On 7 July 2021, the Fixed Rate Senior Secured Note value was increased by £50.0m.

In December 2022, the Company completed an Exchange Offer to Eligible Holders to exchange its issued and outstanding 7.375% Senior Secured Notes due 2024 for its new 13.25% Senior Secured Notes due 2026. On the completion of the Exchange Offer, £264.1m in aggregate principal amount of the Existing Notes were refinanced or repaid, of which £237.7m was exchanged for new notes and £26.4m was repaid in cash.

9. Share capital and reserves

	Issued share capital	
Called up and fully paid share capital	**Number of shares**	**Nominal value £**
Ordinary shares issued upon incorporation	50,000	50,000
As at 31 December 2021 and 2022	**50,000**	**50,000**

The Company was incorporated with share capital of £50,000 comprising 50,000 fully paid ordinary shares of £1. NewDay Group UK Limited holds the Company's entire issued share capital.

The shares are non-redeemable and hold full rights in respect of voting and entitle the holders to full participation in respect of equity and in the event of winding up of the company. The shares rank equally in respect of rights attached to voting, dividends and in the event of winding up.

Notes to the financial statements (continued)

9. Share capital and reserves (continued)

No dividend was proposed or paid during the year (2021: none).

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

10. 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 prices (unadjusted) 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.

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 has been no transfers between levels (2021: none).

As at 31 December 2022	Level 1 £m	Level 2 £m	Level 3 £m	Carrying value £m	Fair value £m
Financial assets					
Amounts due from other Group entities	-	302.9	-	302.9	299.8
Total financial assets	**-**	**302.9**	**-**	**302.9**	**299.8**
Financial liabilities					
Debt issued and other borrowed funds	-	(302.5)	-	(302.5)	(299.4)
Total financial liabilities	**-**	**(302.5)**	**-**	**(302.5)**	**(299.4)**

As at 31 December 2021	Level 1 £m	Level 2 £m	Level 3 £m	Carrying value £m	Fair value £m
Financial assets					
Amounts due from other Group entities	-	335.4	-	335.4	336.9
Total financial assets	**-**	**335.4**	**-**	**335.4**	**336.9**
Financial liabilities					
Debt issued and other borrowed funds	-	(335.0)	-	(335.0)	(336.5)
Total financial liabilities	**-**	**(335.0)**	**-**	**(335.0)**	**(336.5)**

Amounts due from other Group entities:

This comprises the Intercompany Loan Notes. The fair value mirrors that of the Senior Secured Notes issued by the Company, which have an observable market price, and has therefore been classified as level 2.

Debt issued and other borrowed funds:

This balance contains publicly listed term debt for which an observable market price is available therefore the fair value has been estimated using prices quoted by banks and it has been classified as level 2.

Notes to the financial statements (continued)

11. Credit risk

The Company is exposed to credit risk on amounts due from other Group entities. The Company's ability to meet interest payments on the Senior Secured Notes relies on the receipt of interest on the Intercompany Loan Notes. NewDay UK Limited in turn is dependent on receiving interest on its investment in loan notes from NewDay Group (Jersey) Limited.

Amounts due from other Group entities are classified as stage 1 as at 31 December 2022 (2021: stage 1).

The maximum credit risk exposure is as follows:

	As at 31 December 2022 £m	As at 31 December 2021 £m
Amounts due from other Group entities	302.9	335.4
	302.9	**335.4**

No impairment has been recognised in respect of any financial assets, and no financial assets were past due.

12. Interest rate risk

The Company has mitigated this risk as the terms of the Company's liabilities are matched to those of its assets.

13. Liquidity, funding and cash management risk

Liquidity, funding and cash management risk is the risk that the Company is not able to meet its liabilities when they are due under normal conditions. The maturity profile of the Intercompany Loan Notes have been structured to match the contractual profile of the Senior Secured Notes, which effectively mitigates the overall liquidity risk.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the scheduled maturity profile of the undiscounted cash flows of the Company's financial liabilities.

	As at 31 December 2022					
	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	-	8.9	27.1	392.2	-	428.2
	-	**8.9**	**27.1**	**392.2**	**-**	**428.2**

	As at 31 December 2021					
	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	-	5.9	18.1	351.1	-	375.1
	-	**5.9**	**18.1**	**351.1**	**-**	**375.1**

Notes to the financial statements (continued)

14. 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 2022		
	< 12 months £m	> 12 months £m	Total £m
Assets			
Amounts due from other Group entities	3.9	299.0	302.9
Total assets	**3.9**	**299.0**	**302.9**
Liabilities			
Debt issued and other borrowed funds	(3.9)	(298.6)	(302.5)
Total liabilities	**(3.9)**	**(298.6)**	**(302.5)**

	As at 31 December 2021		
	< 12 months £m	> 12 months £m	Total £m
Assets			
Amounts due from other Group entities	10.0	325.4	335.4
Total assets	**10.0**	**325.4**	**335.4**
Liabilities			
Debt issued and other borrowed funds	(10.0)	(325.0)	(335.0)
Total liabilities	**(10.0)**	**(325.0)**	**(335.0)**

15. Parent undertaking and controlling party and consolidation

The Company's immediate parent is undertaking NewDay Group UK Limited, a company registered in England and Wales, which holds the entire issued share capital of the Company. Nemean TopCo Limited, a private limited company incorporated in Jersey, is the ultimate controlling party.

The financial statements of the Company are consolidated into the financial statements of NewDay Group (Jersey) Limited on the basis that it has the power to govern the financial and operating policies of the Company, has the exposure, or rights to the variable returns from involvement with the entity, and is able to use its power to affect the amount of returns from NewDay BondCo Plc.

Copies of the NewDay Group (Jersey) Limited 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

Notes to the financial statements (continued)

16. Related party transactions

	Year ended 31 December 2022 £m	As at 31 December 2022 £m
Amounts due from other Group entities	n/a	302.9
Interest and similar income received from other Group entities	24.8	n/a

	Year ended 31 December 2021 £m	As at 31 December 2021 £m
Amounts due from other Group entities	n/a	335.4
Interest and similar income received from other Group entities	27.2	n/a

No Directors' remuneration was paid by the Company in respect of qualifying services rendered during the year under review (2021: £nil). Directors' remuneration is borne by NewDay Cards Ltd. Details of Directors' emoluments are provided in the notes of the Group consolidated financial statements.

Certain key management personnel of the Company and its parent, in the normal course of business, sold £3.8m (2021: £nil) of the 7.375% Senior Secured Notes issued by the Company in the year ended 31 December 2022. This sale was on standard commercial terms using their own funds.