PFG CORPORATE SERVICES LIMITED
(Company Number 13423666)

ANNUAL REPORT

FOR THE YEAR ENDED TO 31 DECEMBER 2023

PFG CORPORATE SERVICES LIMITED
(Company Number 13423666)

CONTENTS

PFG CORPORATE SERVICES LIMITED
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DIRECTORS' REPORT

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

Principal activities
The principal activity of the Company is to provide management services to entities within the Group, and to develop and host the IT infrastructure platform to support product offerings within other Group entities.

Results
The annual report and financial statements cover the year ended 31 December 2023.

The income statement for the year is set out on page 15. The resulting loss after tax for the year of £231,000 (2022: Profit after tax: £6,641,000) has been included in reserves. See further detail on page 5.

Dividends
The directors do not recommend a final dividend in 2023 (2022: £nil).

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

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

Indemnities
The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Financial risk management
The financial and capital risk management policies of the Company are set out on pages 22 and 23.

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

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

The disclosures are produced in accordance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) policy that has been implemented through the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018. This disclosure covers the GHG emissions and energy use for the Group and its operating divisions incorporating the Company. In addition, by including a climate-related financial report in the Group's Annual Report and Financial Statements 2023 that is fully consistent with the four pillars and eleven recommended disclosures of the TCFD, the Group complies with the FCA's Listing Rule 9.8.6R(8) and meets the requirements of the Climate-related Financial Disclosure (CFD) Regulations 2022 and the UK Companies Act (that is, sections 414CB(2A)(a to h).

DIRECTORS' REPORT (CONTINUED)

Auditor information

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

i) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
ii) they have taken all reasonable steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
iii) the reappointment of Deloitte LLP as the Company's external auditor was approved by the directors.

Going concern

Due to the Company's net liability position at the year end, the ultimate parent undertaking, Vanquis Banking Group plc, has confirmed its continued support for the Company for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements of the Company have been prepared on a going concern basis of accounting. Further details on the basis of preparation are provided on page 18.

BY ORDER OF THE BOARD

D Watts
Director
18 September 2024

PFG CORPORATE SERVICES LIMITED
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STRATEGIC REPORT

The principal activity of the Company is to provide management services to entities within the Group, and to develop and host the IT infrastructure platform in order to support product offerings within other Group entities.

The IT infrastructure platform, known as 'Gateway', is being developed in order to support the personal loan product offering within a fellow subsidiary of the Group. The IT platform will be capable of supporting all Group lending products in the future and is product-agnostic, with the intention, over time, to deliver new products to market much more quickly. The platform will provide customers with a single, holistic view of Group product offerings.

Review of the business

The Company's loss after tax for the year of £231,000 (2022: profit after tax: £6,641,000) has been included in reserves.

Revenue recognised of £35,850,000 (2022: £46,637,000) relates to the provision of management services and colleague secondments to other Group undertakings. The decrease in revenue was predominately driven by a reduction of costs that were applicable to be recharged to other Group companies with 2022 benefiting from a larger recharge of IT costs

Finance costs of £1,831,000 (2022: £1,059,000) predominantly relates to interest payable on intercompany balances owed to the immediate parent Company.

Administrative and operating costs of £33,112,000 (2022: £37,376,000) relate to IT costs, professional consultancy advice, and recharges from other Group entities. The reduction from 2022 reflecting lower staff costs as headcount reduced.

Exceptional items of £1,451,000 (2022: £nil) relates to redundancy, outsourcing and other staff exit costs.

Intangible assets of £5,818,000 (2022: £6,331,000) have been capitalised in the year relating to the IT infrastructure platform. Total intangibles have therefore increased from £12,508,000 at the end of 2022 to £16,839,000 at the end of the year.

Key performance indicators (KPIs)

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

Principal risks and uncertainties

The Company participates in the Group-wide risk management framework of Vanquis Banking Group plc. Details of the Group's risk management framework together with the Group's principal risks and uncertainties are set out in the annual report and financial statements of Vanquis Banking Group plc, which does not form part of this report.

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STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 of the Companies Act 2006

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

Our Stakeholders and why we engage with them	How? (How management and/or directors engaged with and considered our stakeholders)	What? (What were the key topics of engagement and consideration)	Key outcomes and actions (What was the impact of the engagement and/or consideration?)
Our customers The Company has no customers	• Not applicable	• Not applicable	• Not applicable
Our shareholder The Company is a wholly-owned subsidiary of Provident Financial Holdings Limited, which is wholly-owned by Vanquis Banking Group plc (the "Group"). As such it is of paramount importance that effective communication flows between the Company and the Group together with an understanding by the Company of the Group's requirements and needs, particularly relating to the declaration of dividends within the Group and services provided to other Group companies. Direct and regular engagement with our shareholder ensures that the Company has a clear understanding of its role as part of the Group. Our ultimate shareholders' interests include return on investment, long-term growth and good ESG performance.	• The Group CEO is Chair of the Board and the Group CFO is a member • Financial reporting, strategy and common accounting principles are utilised across the Group to provide alignment • The Budget and financial plan are developed as part of the wider Group process • The Group has an aligned corporate governance framework and structure including complementary Delegated Authorities Manuals • The Group has a centralised Corporate Responsibility team and a Group-wide approach to Corporate Social Responsibility • Participating in the Group's capital funding plan and contributing to the strenghtening of the Group's capital, liquidity and funding structure.	• Strategy and long-term value creation including participation in the Group's intra-Group funding arrangements • Harmonisation of risk management to provide a consistent and integrated approach to managing risk across the Group • Corporate governance arrangements and alignment • Corporate responsibility	• Business model aligned with the Group's purpose • Group Board-level oversight over the Group Risk Policy Taxonomy, Group Risk System and Group Enterprise Risk Management function to ensure a consistent approach to risk management across the Group • Group board approved budget and operational plan for the Group • Aligned delegated authorities matrix

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Our colleagues To ensure that they understand the Group's purpose and how they can support its delivery, which we believe helps our customer base. To maintain high levels of colleague engagement in order to enable us to attract, retain and develop the talent we need. Our colleagues' interests include fair pay and benefits, career development, and a positive culture.	• A colleague culture survey was issued halfway through the year and a 'Great Place To Work' survey was issued at the year end • Colleague Forums with representatives from across the Group which provided two-way engagement between the Group board and colleagues • Town halls provided an invaluable method of engagement for colleagues and management • Group CEO VLOGS and e-communications issued regularly to colleagues on important Group news and updates. • Designated Group Non-Executive Director Colleague Champion played the lead role in Group board engagement with employees, understanding and representing employee interests across the Group • The Group has an active, Executive sponsored, inclusion programme • Leadership and professional development programmes • Group recognition platform, continued to foster a culture where we say 'thank you' or 'well done' to colleagues who demonstrate our Values • A confidential externally facilitated whistleblowing line was available for colleagues to raise concerns	• Review of colleague survey results • Culture, purpose, values and behaviours • Group aligned Colleague reward and recognition • Group aligned HR Policies • Training, leadership development and succession planning • Employee engagement • Colleague wellbeing at work • Inclusion and affinity Group pillars such as gender balance, ethnicity, disability and LGBTQ+ • Review of workforce engagement mechanisms	• Colleague survey action plans to address any areas for improvement and celebrate areas of achievement • Collective consultation on the Group's restructure via the Colleague Forums with a number of colleague counter-proposals being accepted. • Launched an online Development Centre for colleagues including information on training, apprenticeships, management leadership and other professional development programmes Launched the Group's values under The Vanquis Way and linked recognition platform, 'Way to Go, to foster a culture where we say 'thank you' or 'well done' to colleagues who demonstrate our values.
Our communities To make a positive difference to the communities we serve in order to improve the lives of our customer base.	• Participation in the Group Social Impact Programme that delivers community investment • The Company participated in the Group Customer, Culture and Ethics	• Community contributions and charitable giving • Volunteering • Matched employee fundraising • Relationships with debt charities • Group Social Impact programme	• Group volunteering policy to encourage colleagues to volunteer and make a positive difference in their communities • Group approach to external engagement

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Our communities' interests include financial education, addressing the key barriers to financial inclusion, social mobility and improving financial awareness.	Committee at which Group-wide community matters are discussed and overseen by the Group Board • Oversight by the Group Board and Customer, Culture and Ethics Committee of community matters and the approach to external engagement regarding the Company's purpose and role in society		regarding the Company's purpose and role in society • Matched employee charitable fundraising • The Group Social Impact Programme is aligned to the Group's strategy and purpose and has delivered community investment focused on community, customers and education
Our regulators The Company is not directly regulated, but supports all interactions with Group regulators as a responsible member of the Group	• The Company Board directors include the Group CEO and CFO which ensures alignment on matters of regulatory engagement with the wider Group • Group board members and executive management engage proactively with regulators via regular face to face and telephone meetings • Regulatory risk reporting, including horizon scanning, is carried out and reported to the Group Risk Committee and Group Board • Regulatory engagement and correspondence is reported to and discussed by the Group Board	As a member of the Group: • Any regulatory engagement focus areas relating to the Company, such as its participation in intra-group funding arrangements.	• That the Company is aware of any regulatory activity that might impact the value or performance of its investments • That the interests are aligned with that of the Group
Our suppliers To treat our suppliers fairly and develop strong relationships with them which ensure that we only buy products and services from those who operate responsibly and mitigates risk in our supply chain. Our suppliers' interests include sustainable business, long-term partnerships, and prompt payment.	• There is an established due diligence process to manage supply chain-based risks and comply with Company policies and Group policies • There are standardised contractual terms that we attempt to use with all of our suppliers, to reduce contractual risks when contracting under these terms • Consistent engagement through the Group's supplier Relationship Management Framework	As a member of the Group: • Compliance with relevant legislation • Prompt payment • Data Protection • Information Security • Environment • Supplier on-boarding and performance • Delegated Authorities • Modern Slavery • Anti-Bribery and Corruption	• Signatories of the Prompt Payment Code • Supplier Relationship Management Framework • Compliance with PRA/FCA Outsourcing Guidelines • Group Board approved the 2023 Modern Slavery Statement • Group Board approved the Group's policy on Human Rights and Modern Slavery
Our environment	• The Company utilises and	As a member of the Group:	As a member of the

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The Company supports and participates in actions related to ensuring that the Group submits reports that are fully consistent with the recommendations and recommended disclosures of the Taskforce on Climate-Related Financial Disclosures ("TCFD") and Climate-related Financial Disclosure Regulations 2022. The Company aims to operate a sustainable business and is committed to tackling climate change. Environmental interests include sustainable business and contributing to tackling climate change.	contributes to the Group Environmental Management System (EMS) • The Company participates in the Group Customer, Culture & Ethics Committee at which Group-wide environmental matters are overseen by the Group Board Committee • Execution of activities to support Group achievement of ISO 14001	• Climate change • Environmentally conscious vehicle manufacture • Funding of electric vehicles • Achievement of the Task Force on Climate Related Financial Disclosures objectives • Maintenance and compliance with ISO 14001	Group: • Compliance with ISO 14001 • Progress made against environmental targets was included within the non-financial scorecard used by the Group Remuneration Committee to assist in determining the annual bonus pool for executive remuneration • Scope 1 and 2, and 8 out of 15 material scope 3 greenhouse gas emissions (including those associated with products and services procured and downstream leased assets) accounted for and reported across the Group in accordance with the UK Government's Streamlined Energy and Carbon Reporting policy Submission of science-based carbon reduction targets to the Science-based Carbon Reduction Initiative

Decisions made by the Board during the year were deemed to be routine in nature. Moreover, as the principal activity of the Company is to provide management services and an IT infrastructure platform to the Group companies, the breath of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the Directors. During the year the decisions taken by the Company included approval of the audited Financial Statements for the year ended 2022 and the approval of director changes. In making decisions the Board considered a range of factors. These included the long-term viability of the Company; it's expected cash flow and financing requirements; the expectations of the Group and the need to maintain good working business relationships with suppliers.

Customers
The Company does not have any direct customers of its own.

Colleagues
The Board noted that there were no impacts on colleagues with the routine decisions taken.

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STRATEGIC REPORT (CONTINUED)

Those in a business relationship with the Group
The Board noted that there were no direct impacts on suppliers with the routine decisions taken.

Regulators / Government
The Company is not regulated.

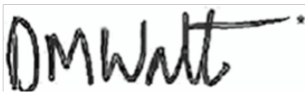
Investors
The Board noted that there were no direct impacts on the Group’s strategy with the routine decisions taken.

Community
The Board noted that there were no direct impacts on community with the routine decisions taken.

Environment
The Board noted that there were no direct environmental impacts with the routine decisions taken.

Reputation
The Board noted that there were no reputation risks with the routine decisions taken.

BY ORDER OF THE BOARD



D Watts
Director
18 September 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

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

INDEPENDENT AUDITORS REPORT

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of PFG Corporate Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in shareholder's equity;
- the statement of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

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

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

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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INDEPENDENT AUDITORS REPORT (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

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

PFG CORPORATE SERVICES LIMITED
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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2023 £'000	2022 £'000
Revenue	1	35,850	46,637
Total income		35,850	46,637
Finance costs	2	(1,831)	(1,059)
Administrative and operating costs		(33,112)	(37,376)
Total costs		(34,943)	(38,435)
Profit/(loss) before taxation and exceptionals	3	907	8,202
Exceptional items	3	(1,451)	-
(Loss)/profit before taxation		(544)	8,202
Tax credit/(charge)	4	313	(1,561)
(Loss)/profit for the financial period attributable to the equity shareholder		(231)	6,641

All of the above operations relate to continuing operations.

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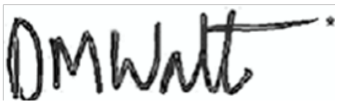
BALANCE SHEET

	Note	As at 31 December 2023 £'000	As at 31 December 2022 £'000
ASSETS			
Trade and other receivables	8	10,842	31,925
Property, plant, and equipment	9	616	559
Intangible assets	10	16,839	12,508
Right of use assets		604	-
Deferred tax assets	12	6	173
Total assets		28,907	45,165
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	13	31,815	49,465
Provisions		551	-
Lease liabilities		510	-
Total liabilities		32,876	49,465
Equity attributable to the shareholder			
Share capital	14	-	-
Share-based payment reserve	15	795	577
Retained losses		(4,764)	(4,877)
Total equity deficit		(3,969)	(4,300)
Total liabilities and equity		28,907	45,165

The financial statements on pages 15 to 35 were authorised and approved by the board of directors on 18 September 2024 and signed on its behalf by:



D Watts
Director

I McLaughlin
Director

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STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £000	Share-based payment reserve £'000	Retained losses £'000	Total £'000
At 1 January 2022		-	-	(11,849)	(11,849)
Profit for the year		-	-	6,641	6,641
Share-based payment charge	15	-	908	-	908
Transfer of share-based payment reserve		-	(331)	331	-
At 31 December 2023		-	577	(4,877)	(4,300)
At 1 January 2023		-	577	(4,877)	(4,300)
(Loss)/profit for the year		-	-	(231)	(231)
Share-based payment charge	15	-	562	-	562
Transfer of share-based payment reserve		-	(344)	344	-
At 31 December 2023		-	795	(4,764)	(3,969)

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2023 £'000	2022[1] £'000
Cash flows generated from operating activities			
Cash generated from operations	17	19,586	(18,324)
Net cash generated from operating activities		19,586	(18,324)
Cash flows used in investing activities			
Purchase of property, plant and equipment*	9	(562)	(489)
Proceeds from sale of property, plant and equipment	9	1,050	-
Purchase of intangible assets*	10	(4,832)	(3,400)
Net cash used in investing activities		(4,344)	(3,889)
Cash flows from financing activities			
Payment of lease liabilities		(408)	-
Financing from immediate parent company		(14,834)	22,213
Net cash used in financing activities		(15,242)	22,213
Net change in cash, cash equivalents and overdrafts		-	-
Cash, cash equivalents and overdrafts at beginning of year		-	-
Cash, cash equivalents and overdrafts at end of year		-	-

*Purchase of property, plant and equipment and intangibles assets reflects cash paid for these assets only and differs to note 9 and 10 due to amounts settled through intercompany arrangements.

[1]2022 cashflow represented to split out cash flows from immediate parent as financing cash flows.

STATEMENT OF ACCOUNTING POLICIES

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

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

The financial statements are prepared in accordance with International Accounting Standards as adopted by the United Kingdom (UK), International Financial Reporting Standards (IFRSs) and the Companies Act 2006.

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

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

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

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

Based on this review, the directors are satisfied that the Company has the required resources to continue in business for a period of at least twelve months following the approval of the Company accounts. For this reason, the directors continue to adopt the going concern basis in preparing the Company accounts. Due to the Company's net liability position at the year end, the ultimate parent undertaking, Vanquis Banking Group plc, has confirmed its continued support for the Company for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements of the Company have been prepared on a going concern basis of accounting.

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

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

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

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Revenue
Revenue comprises income from the provision of management services and related activities to other Group companies which is recognised on an accruals basis.

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

Retirement benefits
Cash contributions to defined contribution pension schemes are charged to the income statement on an accruals basis.

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

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

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

Intangible assets
Intangible assets, which comprise bespoke computer software and computer software development assets, represent the costs incurred to acquire or develop software and bring it into use.

Directly attributable costs incurred in the development of software are capitalised as an intangible asset if the software will generate future economic benefits. Directly attributable costs include the cost of software development employees and an appropriate portion of relevant directly attributable overheads.

Computer software is amortised on a straight-line basis over its estimated useful economic life which is generally estimated to be between three and ten years.

The residual values and economic lives of intangible assets are reviewed by management at each balance sheet date.

Intangible assets are valued at cost less subsequent amortisation and impairment. Amortisation is charged to the income statement as part of operating costs. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use and its fair value less costs to sell.

Property, plant and equipment
Property, plant and equipment is shown at cost less accumulated depreciation and impairment. Cost represents invoiced cost plus any other costs that are directly attributable to the acquisition of the items. Repairs and maintenance costs are expensed as incurred. Depreciation is calculated to write down assets to their estimated realisable values over their useful economic lives.

The following principal bases are used:

	%	Method
Equipment (including computer hardware)	10 to 33 1/3	Straight line
Motor vehicles	25	Reducing balance

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

The residual values and useful economic lives of all assets are reviewed, and adjusted if appropriate, at each balance sheet date. All items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use and its fair value less costs to sell. Gains and losses on disposal of property, plant and equipment are determined by comparing any proceeds with the carrying value of the asset and are recognised within operating costs in the income statement.

Depreciation is charged to the income statement as part of administrative and operating costs.

Trade and other receivables
Trade and other receivable are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

Share-based payments
The ultimate parent company grants options under employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)) and makes awards under the Deferred Bonus Plan (DBP), the Restricted Share Pan (RSP) and the Company Share Option Plan (CSOP).

The cost of providing options and awards to employees is charged to the income statement of the Company over the vesting period of the related options and awards. The corresponding credit is made to a share-based payment reserve within equity.

The cost of options and awards is based on their fair value. A binomial model is used for calculating the fair value of SAYE options which have no performance conditions attached and the RSP for which vesting is based on the discretion of the Remuneration Committee. No charge has been recognised for the CSOP as it is linked to the RSP awards granted at the same time. Any gains made by an employee in relation to the CSOP reduces the number of shares exercisable under the RSP award. The value of the charge is adjusted at each balance sheet date to reflect lapses and expected or actual levels of vesting, with a corresponding adjustment to the share-based payment reserve.

For LTIS schemes, performance conditions are based on EPS, Total Shareholder Return (TSR) versus a peer group, risk metrics and profit before tax. The fair value of awards is determined using a combination of the binomial and Monte Carlo option pricing models. The value of the charge is adjusted at each balance sheet date to reflect lapses and expected or actual levels of vesting. Where the Monte Carlo option pricing model is used to determine fair value of the TSR component, no adjustment is made to reflect expected or actual levels of vesting as the probability of the awards vesting is taken into account in the initial calculation of the fair value of the awards.

Cancellations by employees of contributions to the Group's SAYE plans are treated as non-vesting conditions and the Company recognises, in the year of cancellation, the amount of the expense that would have otherwise been recognised over the remainder of the vesting period. Modifications are assessed at the date of modification and any incremental charges are recognised in the income statement.

A transfer is made from the share-based payment reserve to retained earnings when options and awards vest, lapse or are cancelled. In respect of the SAYE options, the proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

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

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

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

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

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

Critical accounting assumptions and key sources of estimation uncertainty
There have been no judgements or key assumptions made by the directors in applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements. There have been no key assumptions made that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

FINANCIAL AND CAPITAL RISK MANAGEMENT REPORT

PFG Corporate Services Limited (the 'Company') is a wholly-owned subsidiary of Provident Financial Holdings Limited, which is wholly-owned by Vanquis Banking Group plc which, together with its subsidiaries, forms the Vanquis Banking Group (the 'Group').

The Group's activities expose it to a variety of financial risks, which can be categorised as credit risk, liquidity risk and market risk. The objective of the Group's Risk Management Framework is to identify and assess the risks facing the Group and to minimise the potential adverse effects of these risks on the Group's financial performance. Financial risk management is overseen by the Group Risk Committee.

(a) Credit risk

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

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

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

(b) Liquidity risk

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

Liquidity risk is managed by the Group's centralised treasury department through daily monitoring of expected cash flows in accordance with a Board-approved Internal Liquidity Adequacy Assessment Process (ILAAP) and Group Funding and Liquidity Policy, which is designed to ensure that the Group is able to continue to fund the growth of the business. This process is monitored regularly by the Group (and Vanquis Bank) ALCO. ALCO monitors liquidity risk metrics within limits set by the Board, including meeting regulatory requirements.

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

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

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

As at 31 December 2023, the Group's committed facilities (including retail deposits) had a weighted average period to maturity of 1.8 years (2022: 2.0 years). The Group has no undrawn committed facilities at the end of 2023 (2022: £50.0m).

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

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

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

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

Interest rate risk
Interest rate risk is the current or prospective risk to capital or earnings arising from adverse movements in interest rates. Primarily, the Group is at risk of a change in external interest rates which leads to an increase in the Group's and thus the Company's cost of borrowing.

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

The Group's exposure to movements in interest rates is managed by the ALCO and is governed by a Board-approved Market Risk Policy which forms part of the Group's treasury policies. Interest rates in the UK, which are impacted by factors outside of the Group's control, including the fiscal and monetary policies of the UK Government and central bank, as well as UK and international political and economic conditions.

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

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

(d) Capital risk
Capital risk is managed by the Group's centralised treasury department. The Group manages capital risk by focussing on capital efficiency and effective risk management. This takes into account the requirements of a variety of different stakeholders including shareholders, policyholders, regulators and rating agencies. A more detailed explanation of the management of capital risk can be found in the annual report and financial statements of Vanquis Banking Group plc.

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NOTES TO THE FINANCIAL STATEMENTS

1 Revenue

	2023 £'000	2022 £'000
Provision of management services and staff secondments to other group companies	35,850	46,637

2 Finance costs

	2023 £'000	2022 £'000
Interest payable to immediate parent undertaking	1,711	878
Interest payable to the ultimate parent undertaking	92	181
Lease liabilities finance cost	28	-
Total	1,831	1,059

3 (Loss)/profit before taxation

	2023 £'000	2022 £'000
(Loss)/ profit before taxation is stated after charging:		
Depreciation of property, plant and equipment (note 9)	152	177
Profit on sale of fixed assets (note 9)	(189)	-
Depreciation of right of use assets	288	-
Amortisation of intangible assets (note 10)	1,487	979
Employment costs (note 6(b))	12,292	13,638

Exceptional items of £1,451,000 (2022: £nil) recognised in the year relates to redundancy, outsourcing and other staff exit costs.

Auditor's remuneration payable to Deloitte LLP in respect of the audit of the Company's financial statements totalled £71,850 (2022: £60,000).

4 Tax charge

Tax credit/(charge) in the statement of comprehensive income	2023 £'000	2022 £'000
Current tax		
- UK	480	(1,656)
Deferred tax (charge)/credit (note 12)	(168)	73
Impact of change in UK tax rate	1	22
Total tax credit/(charge)	313	(1,561)

In 2021, changes were enacted to increase the mainstream corporation tax rate from 19% to 25% with effect from 1 April 2023.

Deferred tax balances at 31 December 2021 were re-measured at the mainstream corporation tax rate of 25% to the extent that the temporary differences on which the deferred tax was calculated were expected to reverse after 1 April 2023. Deferred tax balances at 31 December 2023 and movements in deferred tax balances during the year have been measured at 25% (2022: 25%).

A tax credit of £1,000 (2022: credit of £22,000) represents the income statement adjustment to deferred tax as a result of these changes and no additional deferred tax charge has been taken directly to other comprehensive income in respect of items reflected in other comprehensive income.

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

	2023 £'000	2022 £'000
(Loss)/profit before taxation	(544)	8,202
(Loss)/profit before taxation multiplied by the average standard rate of corporation tax in the UK of 23.5% (2022: 19%)	128	(1,558)
Effect of:		
- impact of change in UK tax rate	1	22
- impact of write off of deferred tax assets (note (a))	(61)	(36)
- adjustment in respect of prior years (note (b))	245	11
Total tax credit/(charge)	313	(1,561)

(a) Impact of write off deferred tax assets
Deferred tax assets written off comprise a tax charge of £61,000 (2022: charge of £36,000) and relates to deferred tax assets in respect of share scheme awards where future tax deductions are expected to be lower than previously anticipated.

(b) Adjustment in respect of prior years
Adjustments in respect of prior years amount to a tax credit of £245,000 (2022: tax credit of £11,000) and relates primarily to intragroup transfer pricing adjustments.

5 Directors' remuneration

The emoluments of the directors are paid by the ultimate parent company, Vanquis Banking Group plc and recharged to the Company as part of a management charge. This management charge also includes a recharge of administrative costs borne by the ultimate parent company on behalf of the Company and it is not possible to identify separately the amount relating to each director's emoluments. The emoluments of these directors are disclosed in the annual report and financial statements of Vanquis Banking Group plc.

6 Employee information

(a) The average monthly number of persons employed by the Company (excluding directors, whose remuneration is paid by Vanquis Banking Group plc) was as follows:

	2023 Number	2022 Number
Finance	17	37
Human resources	26	30
Risk	20	49
Customer	3	-
Operations	9	-
Technology and change	61	79
Total	136	195
Analysed as:		
Full time	121	160
Part time	15	35
Total	136	195

(b) Employment costs – all employees (excluding directors):

	2023 £'000	2022 £'000
Aggregate gross wages and salaries paid to the company's employees	9,500	10,167
Employer's national insurance contributions	1,073	1,382
Pension charge (note 11)	1,157	1,181
Share-based payment charge (note 15)	562	908
Total employment costs	12,292	13,638

The pension charge comprises contributions to the defined contribution schemes (see note 11).

The share-based payment charge of £562,000 (2022: £908,000) relates to equity-settled schemes.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Financial instruments

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

			2023
	Amortised cost £'000	Non-financial assets/ liabilities £'000	Total £'000
Assets			
Trade and other receivables	5,348	5,494	10,842
Intangible assets	-	16,839	16,839
Property, plant and equipment	-	616	616
Right of use asset	-	604	604
Deferred tax assets	-	6	6
Total assets	5,348	23,559	28,907
Liabilities			
Trade and other payables	(31,747)	(68)	(31,815)
Provisions	-	(551)	(551)
Lease liabilities	(510)	-	(510)
Total liabilities	(32,257)	(619)	(32,876)

			2022*
	Amortised cost £'000	Non-financial assets/ liabilities £'000	Total £'000
Assets			
Trade and other receivables	28,530	3,395	31,925
Intangible assets	-	12,508	12,508
Property, plant and equipment	-	559	559
Deferred tax assets	-	173	173
Total assets	28,530	16,635	45,165
Liabilities			
Trade and other payables	(49,187)	(278)	(49,465)
Provisions	-	-	-
Lease liabilities	-	-	-
Total liabilities	(49,187)	(278)	(49,465)

*2022 trade and other receivables and payables numbers represented to split out non-financial assets.

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

8 Trade and other receivables

	2023 £'000	2022 £'000
Other receivables	169	17
Amounts owed by fellow subsidiary undertakings	5,133	28,513
Current tax asset	46	-
Prepayments and accrued income	5,494	3,395
Total	10,842	31,925

Amounts owed by fellow subsidiary undertakings are unsecured, repayable on demand or within one year. The maximum exposure to credit risk of trade and other receivables is the carrying value of each class of receivable set out above. There is no collateral held in respect of trade and other receivables. The fair value of trade and other receivables equates to their book value.

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

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

9 Property, plant and equipment

	Equipment and vehicles	
	2023 £'000	2022 £'000
Cost		
At 1 January	762	-
Additions	561	730
Transfers	1,633	32
Disposals	(2,126)	-
At 31 December	830	762
Accumulated depreciation		
At 1 January	203	-
Transfers	1,124	26
Charged to the statement of comprehensive income	152	177
Disposals	(1,265)	-
At 31 December	214	203
Net book value at 31 December	616	559

During the year assets with a net book value of £509,000 (2022: £6,000) were transferred from fellow subsidiary undertakings to the Company, these assets were transferred at the net book values recognised within the subsidiaries at the date of the transfer.

During the year the Company sold assets with a net book value of £861,000 for proceeds of £1,050,000 recognising a profit on sale of fixed assets of £189,000 (2022: £nil).

10 Intangible assets

	2023	2022
	£'000	£'000
Cost		
At 1 January	13,487	7,156
Additions	5,818	6,331
At 31 December	19,305	13,487
Accumulated amortisation		
At 1 January	979	-
Charged to the statement of comprehensive income	1,487	979
At 31 December	2,466	979
Net book value at 31 December	16,839	12,508

Intangible assets within the Company represent internally generated assets supporting the ongoing deployment of technology within the Group, predominately the Gateway platform.

11 Retirement benefits

The Group operates a Group Personal Pension Plan into which Group companies contribute a proportion of pensionable earnings of the member (typically ranging between 5.1% and 10.6%) dependent on the proportion of pensionable earnings contributed by the member through a salary sacrifice arrangement (typically ranging between 3% and 8%). The assets of the scheme are held separately from those of the Group and Company.

The Group also operates a separate pension scheme for auto-enrolment into which the Company and subsidiaries contribute a proportion of qualifying earnings of the member of 4%. The assets of the scheme are held separately from those of the Group or the Company.

The pension cost charge represents contributions payable by the Company and amount to £1,157,000 (2022: £1,181,00).

The Company made no contributions to personal pension plans in the year (2022: £nil).

12 Deferred tax

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

Deferred tax arises in respect of (a) property, plant and equipment which is depreciated on a different basis for tax purposes; (b) carried forward tax losses and (c) other temporary differences, which include: (i) deductions for employee share awards which are recognised differently for tax purposes; and (ii) certain cost provisions for which tax deductions are only available when the costs are paid.

In 2021, changes were enacted to increase the mainstream corporation tax rate from 19% to 25% with effect from 1 April 2023.

Deferred tax balances at 31 December 2021 were re-measured at the mainstream corporation tax rate of 25% to the extent that the temporary differences on which the deferred tax was calculated were expected to reverse after 1 April 2023.

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

A tax credit of £1,000 (2022: credit of £22,000) represents the income statement adjustment to deferred tax as a result of these changes and no additional deferred tax charge has been taken directly to other comprehensive income in respect of items reflected in other comprehensive income.

The movement in the deferred tax asset can be analysed as follows:

Asset	2023 £'000	2022 £'000
At 1 January	173	78
(Charge)/credit to the statement of comprehensive income (note 4)	(168)	73
Impact of change in UK tax rate:		
- credit to the statement of comprehensive income	1	22
At 31 December	6	173

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Deferred tax (continued)

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

	2023				2022			
	Accelerated capital allowances	Tax losses	Other temporary differences	Total	Accelerated capital allowances	Tax losses	Other temporary differences	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	17	48	108	173	-	78	-	78
(Charge)/credit to the statement of comprehensive income	(61)	(48)	(59)	(168)	13	(30)	90	73
Impact of change in UK tax rate:								
- (charge)/credit to the statement of comprehensive income	(1)	-	2	1	4	-	18	22
At 31 December	(45)	-	51	6	17	48	108	173

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

13 Trade and other payables

	2023	2022
	£'000	£'000
Trade payables	1,458	501
Amounts owed to ultimate parent undertaking	-	1,665
Amounts owed to immediate parent company	28,585	41,708
Other taxation and social security	68	278
Accruals	1,704	5,313
Total	31,815	49,465

The fair value of trade and other payables equates to their book value. The amounts owed to the immediate parent undertaking are unsecured, due for repayment in less than one year and generally accrue interest at rates linked to SONIA.

14 Share capital

		2023		2022	
		Authorised	Issued and fully paid	Authorised	Issued and fully paid
Ordinary shares of 100p each	**- £**	1	1	1	1
	- number	1	1	1	1

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

15 Share-based payments

Vanquis Banking Group plc operates the following equity-settled share schemes: the Restricted Share Plan (RSP) and associated Company Share Option Plan (CSOP), the Long Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), and the Deferred Bonus Plan (DBP), where shares in the ultimate parent company are available to the employees of the Company.

When an equity-settled share option or award is granted, a fair value is calculated based on the share price at grant date, the probability of the option/award vesting, the Group's recent share price volatility, and the risk associated with the option/award. A fair value is calculated based on the value of awards granted and adjusted at each balance sheet date for the probability of vesting against performance conditions.

The fair value of all options/awards is charged to the income statement on a straight-line basis over the vesting period of the underlying option/award.

During 2023, awards/options have been granted under the RSP/CSOP and SAYE schemes (2022: RSP/CSOP and SAYE).

(a) Equity-settled schemes

The charge to the income statement in 2023 for equity-settled schemes was £562,000 (2022: £908,000).

The fair value per award/option granted and the assumptions used in the calculation of the equity-settled share-based payment charges for the Company are as follows:

		2023		2022
	RSP/CSOP	**SAYE**	RSP/CSOP	SAYE
Grant date	**11-Apr-23**	**03-Oct-23**	07-Apr-22	05-Oct-22
Share price at grant date (£)	**2.31**	**1.19**	2.89	1.75
Exercise price (£)	**-**	**0.87**	-	1.43
Shares awarded / under option	**325,423**	**1,002,525**	206,231	418,672
Vesting period (years)	**3**	**3 & 5**	3	3
Expected volatility	**-**	**52.0%-56.7%**	-	60.7%-61.9%
Option life (years)	**3**	**Up to 5**	3	3
Expected life (years)	**3**	**Up to 5**	3	3
Risk-free rate	**-**	**4.7%-4.9%**	-	4.1%-4.2%
Expected dividends expressed as a dividend yield	**n/a**	**3.4%-6.9%**	n/a	8.6%-10.9%
Fair value per award/option (£)	**1.84**	**0.25-0.26**	2.59	0.43-0.51

The expected volatility is based on historical volatility over the last three or five years as applicable. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero coupon UK government bonds of a similar duration to the life of the share option.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Share-based payments (continued)

A reconciliation of share option movements during the year is shown below:

	RSP/CSOP		SAYE	
2023	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	**468,583**	**-**	**979,236**	**1.69**
Granted	**325,423**	**-**	**1,002,525**	**0.87**
Lapsed	**(226,829)**	**-**	**(523,467)**	**1.66**
Exercised	**(110,658)**	**-**	**(7,692)**	**1.82**
Vested	**(42,874)**	**-**	**-**	**-**
Outstanding at 31 December	**413,645**	**-**	**1,450,602**	**1.05**
Exercisable at 31 December	**-**	**-**	**-**	**-**

	RSP/CSOP		LTIS		SAYE	
2022	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	324,710	-	70,598	-	1,253,280	2.08
Granted	206,231	-	-	-	418,672	1.43
Lapsed	(49,910)	-	(70,598)	-	(592,825)	2.27
Exercised	-	-	-	-	(99,891)	1.83
Vested	-	-	-	-	-	-
Transferred	(12,448)	-	-	-	-	-
Outstanding at 31 December	468,583	-	-	-	979,236	1.69
Exercisable at 31 December	-	-	-	-	9,890	1.82

The amounts included in the RSP/CSOP table reflect the total amount of shares awarded under both schemes.

Following the closure of the Consumer Credit Division (‘CCD’) business, remaining employees were transferred from CCD to the Company. Hence, all the outstanding shares were transferred into Company and in line with IFRS2, charges from the date of transfer to date of vesting will be recognised by the Company.

Share options outstanding under the SAYE schemes at 31 December 2023 had exercise prices ranging from 87p to 182p (2022: 143p to 323p) and a weighted average remaining contractual life of 1.4 years (2022: 2.5 years). Share awards outstanding under the RSP schemes at 31 December 2023 had an exercise price of £nil (2022: £nil) and a weighted average remaining contractual life of 1.6 years (2022: 1.6 years). Shares outstanding under the CSOP at 31 December 2023 have an exercise prices ranging from 75p to 334p (2022: 241p to 334p) and a weighted average remaining contractual life of 1.6 years (2022: 1.6 years).

16 Related party transactions

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

	2023			2022		
Expense/(income)	Management recharge and staff secondments £'000	Interest charge £'000	Outstanding balance £'000	Management recharge and staff secondments £'000	Interest charge £'000	Outstanding balance £'000
Ultimate parent undertaking	(16,995)	92	(1,268)	(13,754)	-	(1,665)
Immediate parent undertaking	-	1,711	(27,317)	-	878	(41,708)
Other subsidiaries of the ultimate parent undertaking	(15,858)	-	5,133	(28,504)	181	28,513
Total	(32,853)	1,803	(23,452)	(42,258)	1,059	(14,860)

The outstanding balance represents the gross intercompany balance receivable by/(payable to) the Company.

17 Reconciliation of (loss)/profit after taxation to cash generated from operations

	Note	2023 £'000	2022[1] £'000
(Loss)/profit after taxation		(231)	6,641
Adjusted for:			
- tax (credit)/charge	4	(313)	1,561
- finance costs	2	1,831	1,059
- share-based payment charge	15	562	908
- depreciation of property, plant and equipment	9	152	177
- profit on sale of fixed assets	9	(189)	-
Depreciation of right of use asset		288	-
- amortisation of intangible assets	10	1,487	979
Changes in operating assets and liabilities:			
- trade and other receivables		21,130	(26,782)
- trade and other payables		(5,131)	(2,867)
Cash generated from operations		19,586	(18,324)

[1]2022 cashflow represented to split out cash flows from immediate parent as financing cash flows.

The table below details the changes in the Company's liabilities arising from financing activities.

						2023
		Cash changes		Non-cash changes		
	1 January 2023	Financing cash flows	Lease payments	Interest	Additions to lease liability	31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Lease liabilities	-	-	408	(28)	(890)	(510)
Financing from immediate parent company	(41,708)	14,834	-	(1,711)	-	(28,585)
Total	(41,708)	14,834	408	(1,739)	(890)	(29,095)

						2022
		Cash changes		Non-cash changes		
	1 January 2022	Financing cash flows	Lease payments	Interest	Additions to lease liability	31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Financing from immediate parent company	(18,617)	(22,213)	-	(878)	-	(41,708)
Total	(18,617)	(22,213)	-	(878)	-	(41,708)

18 Parent undertaking and controlling party

The immediate parent undertaking is Provident Financial Holdings Limited.

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