MONEYBARN GROUP LIMITED
(Company Number 04525773)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

MONEYBARN GROUP LIMITED
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DIRECTORS' REPORT

Moneybarn Group Limited (the 'Company') is part of Provident Financial plc. Provident Financial plc is a public limited company, listed on the London Stock Exchange, which, together with its subsidiaries, forms the Provident Financial Group (the 'Group'). The immediate parent undertaking of the Company is Duncton Group Limited.

Principal activities and review of the business

The principal activity of the Company is that of a holding company. The principal activity of the Company's subsidiaries is the financing of motor vehicles to individuals via conditional sale agreements.

Results

The Statement of comprehensive income for the year is set out on page 3. The profit for the year of £4,000 (2020: loss of £1,000) has been added to (2020: deducted from) reserves. The Company has net assets of £958,000 (2020: £954,000).

Dividends

The directors are unable to recommend the payment of a dividend in respect of the year ended 31 December 2021 (2020: £nil).

Directors

The directors of the Company during the year ended 31 December 2021, all of whom were directors for the whole year then ended and to the date of this report, except where stated, were:

M J Le May (Chairman)	
N Kapur	
S J Bayley	(resigned 1 March 2021)
D V Shrimpton-Davis	
C G Anderson	(appointed 2 February 2021)

Consolidation exemption

In accordance with section 400 of the Companies Act 2006, the Company is not required to produce consolidated accounts for its subsidiaries as the ultimate parent of the Company, Provident Financial plc, produces a consolidation which includes the Company and its subsidiaries. The financial statements for Provident Financial plc are publicly available. See note 13 for further detail.

Exemption from preparing a Strategic report

In accordance with section 414B of the Companies Act 2006, the Company has taken advantage of the exemption for small companies from preparing a Strategic report.

Auditor information

The directors of the Company have taken advantage of the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2021.

On behalf of the board

C G Anderson
Director
10 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements 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.

MONEYBARN GROUP LIMITED
(Company Number 04525773)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2021 £'000	2020 £'000
Finance income	1	**1**	**3**
Administrative income/(costs)		4	(4)
Profit/(loss) before taxation	2	**5**	**(1)**
Tax charge	3	(1)	-
Profit/(loss) for the year attributable to equity shareholders		**4**	**(1)**

There is no other comprehensive income for the year.

All of the above operations relate to continuing operations.

MONEYBARN GROUP LIMITED
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BALANCE SHEET

	Note	2021 £'000	2020 £'000
ASSETS			
Trade and other receivables	5	958	1,008
Investments in subsidiaries	6	-	-
Total assets		958	1,008
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	7	-	54
Total liabilities		-	54
Equity attributable to owners of the parent			
Share capital	9	1	1
Share premium account		1,159	1,159
Retained deficit		(202)	(206)
Total Equity		958	954
Total Liabilities and Equity		958	1,008

The Company is entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2021.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements on pages 3 to 16 were approved and authorised for issue by the board of directors on 10 May 2022 and were signed on its behalf by:

C G Anderson
Director

D V Shrimpton-Davis
Director

MONEYBARN GROUP LIMITED
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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £'000	Share premium account £'000	Retained deficit £'000	Total £'000
At 1 January 2020	1	1,159	(205)	955
Loss and total comprehensive expense for the year	-	-	(1)	(1)
At 31 December 2020	1	1,159	(206)	954
At 1 January 2021	1	1,159	(206)	954
Profit and total comprehensive income for the year	-	-	4	4
At 31 December 2021	1	1,159	(202)	958

MONEYBARN GROUP LIMITED
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STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2021 £'000	2020 £'000
Cash flow used in operating activities			
Cash used in operations	12	-	-
Net cash used in operating activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

MONEYBARN NO.1 LIMITED
(Company Number 04496573)

STATEMENT OF ACCOUNTING POLICIES

General information
The Company is a private limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Moneybarn, Athena House, Bedford Road, Petersfield, Hampshire, GU32 3LJ.

Consolidation exemption
The Company is not required to produce consolidated accounts for its subsidiaries as the ultimate parent of the Company, Provident Financial plc, produces a consolidation which includes the Company and its subsidiaries. The financial statements for Provident Financial plc are publicly available. See note 13 for further detail.

Basis of preparation
The financial statements are prepared in accordance with United Kingdom adopted international accounting standards and the Companies Act 2006.

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

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

Going concern
In assessing whether the Company is a going concern, the directors have reviewed the Group's corporate plan, as approved in December 2021, which includes capital and liquidity forecasts from 2022 to 2026. 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 in which unemployment peaks at 12%. This shows that the Group is able to maintain sufficient capital headroom above minimum requirements. The directors have reviewed the Group's reverse stress testing projections to the point of non-viability, which concluded that the Group's viability only comes into question under an unprecedented macroeconomic scenario.

Based on this review, the directors are satisfied that the Company has the required resources to continue in business for a period of at least twelve months following the approval of the Company accounts. For this reason, the directors continue to adopt the going concern basis in preparing the Company accounts. Accordingly the financial statements of the Company have been prepared on a going concern basis of accounting.

Principal accounting policies
The Company's principal accounting policies under UK adopted international accounting standards, which have been consistently applied to all the years presented unless otherwise stated, are set out below.

(a) New and amended standards adopted by the Company:

Interest Rate Benchmark Reform Phase 2

In 2021, the Group adopted the Interest Rate Benchmark Reform Phase 2 amendments issued by the IASB. These amendments require that changes to expected future cash flows that both arise as a direct result of IBOR Reform and are economically equivalent to the previous cash flows are accounted for as a change to the effective interest rate with no adjustment to the asset or liability carrying value and no immediate gain or loss is recognised.

The new requirements also provide relief from the requirements to discontinue hedge accounting as a result of amending hedge documentation if the changes are required solely as a result of IBOR Reform. As at the end of 2021, the Group has refinanced all LIBOR linked derivatives to SONIA resulting in no impact from the implementation of these changes.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2021 and not early adopted:

There are no new standards not yet effective and not adopted by the Company from 1 January 2021 which are expected to have a material impact on the Company.

Revenue
Revenue comprises interest received from group undertakings and is recognised on an EIR (Effective Interest Rate) basis.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow and the amount of revenue can be measured reliably. Dividend income is recognised in the Statement of comprehensive income within revenue.

Trade and other receivables and payables
Trade and other receivables and payables are held at amortised cost and receivables are assessed for impairment at the balance sheet date based on lifetime expected credit loss (ECL).

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand.

Investment in subsidiaries
Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

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

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

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

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

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

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

Critical accounting judgements and sources of estimation uncertainty
No critical judgements or estimates have been identified that affect the reported amounts of assets and liabilities.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Moneybarn Group Limited (the 'Company') is part of Provident Financial plc which, together with its subsidiaries, forms the Provident Financial Group (the 'Group').

The overall financial and capital risk management framework is the responsibility of the board with certain responsibilities in respect of internal control and risk management being delegated to various subcommittees who report directly to the board. The Company also operates within a group treasury framework and is subject to group treasury policies including counterparty, liquidity, interest rate, market and capital risk.

An overview of the Group's risk management framework can be found in the annual report and financial statements of Provident Financial plc, which do not form part of this report.

(a) 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 Provident Financial 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 group funding and liquidity policy. This process is monitored regularly by the Group's Assets and Liabilities Committee (ALCO).

The Group's funding and liquidity policy is designed to ensure that the Group is able to continue to fund the growth of the business. The Group therefore maintains headroom on its committed borrowing facilities to fund growth and contractual maturities for at least the following 12 months. As at 31 December 2021, the Group's committed borrowing facilities had a weighted average period to maturity of 2.5 years (2020: 1.5 years) and the headroom on these committed facilities amounted to £110.0m (2020: £79.3m).

In line with the Group's funding strategy to place less reliance on revolving credit facilities, the Group's facility was repaid early in March 2022 ahead of its contractual maturity in July 2023 and at the same time was cancelled at the discretion of the Group as allowed for in the terms of the facility. The headroom on committed facilities of £110.0m at 31 December 2021 reduced to £50.0m after cancellation of the facility. The Group does not require the funding and was not expecting to renew the facility on maturity.

The Group will continue to explore further funding options as appropriate including, but not limited to, using retail deposits taken in Vanquis Bank Limited to fund the other parts of the Group, further securitisation issuance and institutional bond issuance. 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, including derivative financial instruments settled on a net and gross basis, is set out in the annual report and financial statements of Provident Financial plc.

(b) Interest rate risk

Interest rate risk is the risk of potential loss through unhedged or mismatched asset and liability positions, which are sensitive to changes in interest rates. Primarily, the Group is at risk of a change in external interest rates which leads to an increase in the Group's cost of borrowing.

The Group's exposure to movements in interest rates is managed by the Treasury Committee and is governed by a board-approved interest rate hedging policy which forms part of the Group's treasury policies.

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

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)
A 2% movement in the interest rate applied to borrowings during 2021 and 2020 would not have had a material impact on the Group's profit before taxation or equity given that the Group's receivables can be repriced over a relatively short timeframe. Further details of the interest rate risk management are detailed within the annual report and financial statements of Provident Financial plc.

Key benchmark interest rates and indices, such as the London Interbank Offered Rate (LIBOR), were reformed in favour of risk-free rates such as Sterling Overnight Index Average (SONIA) in the UK. LIBOR was withdrawn at the end of 2021. Over the course of 2021, the Group has refinanced all historically LIBOR-linked liabilities to reference SONIA.

(c) Market risk
Market risk is the risk of loss due to adverse market movements caused by active trading positions taken in interest rates, foreign exchange markets, bonds and equities. The Group's corporate policies do not permit it or the Company to undertake position taking or trading books of this type and therefore neither it or the Company does so.

(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 Provident Financial plc, and within the Pillar 3 disclosures document which do not form part of this report.

NOTES TO THE FINANCIAL STATEMENTS

1 Finance Income

	2021 £'000	2020 £'000
Interest receivable from intermediate holding company	1	3
Total Finance Income	1	3

2 Profit/(loss) before taxation

The directors of the Company have taken advantage of the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2021.

No audit fees have been paid by the Company in the current year (2020: £nil).

Auditor's remuneration to Deloitte LLP in respect of other services was £nil (2020: £nil).

3 Tax charge

Tax charge in the Statement of comprehensive income	2021 £'000	2020 £'000
Current tax	1	-
Total tax charge	1	-

During 2021, a change was enacted to increase the mainstream corporation tax rate from 19% to 25% with effect from 1 April 2023. The Company is not carrying any deferred tax balances and so there is no impact in the current period from this change.

The rate of tax charged on the profit/(loss) before taxation for the year is in line with (2020: in line with) the standard rate of corporation tax in the UK of 19% (2020: 19%). This can be reconciled as follows:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	5	(1)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	1	-
Total tax charge	1	-

4 Employee information and directors' remuneration

The Company has no employees. The emoluments of the directors are paid by Moneybarn Limited, a subsidiary of the Company, which makes no recharge to the Company (2020: no recharge) in relation to the directors. It is not possible to make an accurate apportionment of their services in relation to the Company. The emoluments of these directors are disclosed in the financial statements of Moneybarn Limited.

The directors' emoluments of M J Le May and N Kapur are paid and disclosed by the ultimate parent company, Provident Financial plc.

5 Trade and other receivables

Current assets	2021 £'000	2020 £'000
Amounts owed by intermediate holding company	958	1,008
Total	958	1,008

The fair value of trade and other receivables equates to their book value (2020: fair value equated to book value).

Amounts owed by the intermediate holding company are unsecured, due for repayment in less than one year and previously accrued interest at rates linked to the London Interbank Offered Rate (LIBOR). Key benchmark interest rates and indices, such as the London Interbank Offered Rate (LIBOR), were reformed in favour of risk-free rates such as Sterling Overnight Index Average (SONIA) in the United Kingdom. LIBOR was withdrawn at the end of 2021. Over the course of 2021, the Group has refinanced all historically LIBOR-linked liabilities to reference SONIA.

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 of which there has been no impairment charge recognised.

6 Investments in subsidiaries

Cost and net book value	2021 £'000	2020 £'000
Investments in subsidiary companies	-	-

The directors consider the value of Investments in subsidiaries to be supported by their underlying net assets.

The following are both direct subsidiary undertakings which, in the opinion of the directors, principally affect the profit or assets of the Company, all of which are incorporated in the United Kingdom and are 100% owned by the Company.

Company	Class of capital	Principal activity
Moneybarn Limited	Ordinary	Service company
Moneybarn No.1 Limited	Ordinary	Vehicle finance

The above companies operate principally in their country of incorporation or registration. The registered address for these companies is Moneybarn, Athena House, Bedford Road, Petersfield, Hampshire, GU32 3LJ.

7 Trade and other payables

Current liabilities	2021 £'000	2020 £'000
Amounts owed to fellow subsidiary undertakings	-	50
Accruals	-	4
Total	-	54

The fair value of trade and other payables equates to their book value (2020: fair value equated to book value). The amounts owed to subsidiary and fellow subsidiary undertakings are unsecured, due for repayment in less than one year and do not accrue interest.

8 Financial instruments

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

			2021
	Amortised cost £'000	Non-financial assets /liabilities £'000	Total £'000
Assets			
Trade and other receivables	958	-	958
Total assets	958	-	958
Liabilities			
Trade and other payables	-	-	-
Total liabilities	-	-	-

			2020
	Amortised cost £'000	Non-financial assets /liabilities £'000	Total £'000
Assets			
Trade and other receivables	1,008	-	1,008
Total assets	1,008	-	1,008
Liabilities			
Trade and other payables	54	-	54
Total liabilities	54	-	54

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

9 Share capital

		2021		2020
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
Ordinary shares of 1p each (£)	1,227	1,227	1,227	1,227
Number of shares	122,737	122,737	122,737	122,737

There are no shares issued and not fully paid at the end of the year (2020: no shares).

10 Related party transactions

Details of the transactions between the Company and other group undertakings, which comprise any balances outstanding at 31 December are set out below:

	Interest credit £'000	Owed balance £'000	2021 Outstanding balance £'000
Intermediate holding company	1	958	-
Other subsidiaries of the ultimate parent undertaking	-	-	-

	Interest credit £'000	Owed balance £'000	2020 Outstanding balance £'000
Intermediate holding company	3	1,008	-
Other subsidiaries of the ultimate parent undertaking	-	-	(50)

11 Contingent liabilities

The Company is a guarantor in respect of: (i) borrowings made by the Company's ultimate parent undertaking; and (ii) guarantees given by the Company's ultimate parent undertaking in respect of borrowings of certain of its subsidiaries to a maximum of £254.5m (2020: £453.9m). At 31 December 2021, the borrowings amounted to £195.3m (2020: £369.0m).

In line with the Group's funding strategy to place less reliance on this source of funding the Group exercised its contractual option to early repay its revolving credit facility on 30 March 2022, ahead of its contractual maturity in July 2023. Following the repayment, the guarantees given by the Company's ultimate parent undertaking in respect of borrowings reduced from £254.5m to £164.5m.

12 Reconciliation of profit/(loss) after taxation to cash used in operations

	2021 £'000	2020 £'000
Profit/(loss) after taxation	4	(1)
Adjusted for:		
- tax charge/(credit)	-	(1)
Changes in operating assets and liabilities:		
- trade and other receivables	50	(49)
- trade and other payables	(54)	51
Cash used in operations	-	-

13 Parent undertaking and controlling party

The immediate parent undertaking is Duncton Group Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is Provident Financial plc, which is the largest and smallest group to consolidate these financial statements. Copies of the consolidated financial statements of Provident Financial plc may be obtained from the Company Secretary, Provident Financial plc, No.1 Godwin Street, Bradford, BD1 2SU.