

**IPF HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
  
**(Company Number 01525242)**

**IPF HOLDINGS LIMITED**  
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**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Page
Strategic report	1-2
Directors' report	3-4
Directors' responsibilities statement	5
Independent auditor's report	6-8
Profit and loss account	9
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12-20

**IPF HOLDINGS LIMITED**  
**(Company Number 01525242)**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Principal activities and going concern**

The principal activity of the company is to act as a holding and investment company for the operations of International Personal Finance plc.

The company participates in the group's centralised treasury arrangements and banking arrangements with its parent and fellow subsidiaries.

In considering whether the company is a going concern, the directors have made enquiries of the reviews performed by the directors of the ultimate parent company in assessing the Group's 2022 business plan and the impacts it is forecast to have on the company, its subsidiaries and the Group undertakings from which amounts are due as at 31 December 2021. The financial forecasts in the business plan have been stress tested in a range of downside scenarios to assess the impact that the Group's principal risks and uncertainties (including the medium and long-term impacts of the Covid-19 pandemic on the macro-economic environment) may have on future profitability, funding requirements and covenant compliance. In addition, the Group's debt facilities are forecast to be sufficient to fund business requirements for the foreseeable future and The Group is forecast to continue to operate with significant headroom over its key financial covenants.

As at 31 December 2021, the company has net assets of £68,078,000 (2020: £69,473,000) and net current assets of £8,736,000 (2020: £9,488,000). On the basis of their assessment of the company's financial position and of the enquiries made of the directors of International Personal Finance plc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence in the next 12 months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**2. Results and business review**

The profit and Loss Account for the year is set out on page 9. The loss after tax for the year of £1,395,000 (2020: profit £66,236,000) has been deducted from (2020: added to) reserves. The company's result in the prior year benefitted from the receipt of dividends totalling £60,219,000 from a subsidiary, with no dividend income of £nil received during 2021.

**3. Principal risks and uncertainties**

The directors of International Personal Finance plc manage the Group's risks at a Group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of International Personal Finance plc, which include those of the company, are reported within the 'Principal risks and uncertainties' section of the Group's annual report, which does not form part of this report, but is publicly available. However, the company has a number of specific risks;

- The company is subject to a risk of credit default on its intercompany debtor balances. The repayment is dependent on the performance of the counterparties which is reviewed on a regular basis. During the year these reviews have included consideration of the impact that volatility in macro-economic factors affecting the businesses, including the medium to long term impacts of the Covid-19 pandemic, has had on the ability of counterparties to repay these balances in full on their maturity. Following this review the directors remain confident that the balances due can be recovered.

**IPF HOLDINGS LIMITED**  
**(Company Number 01525242)**

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. Principal risks and uncertainties (continued)**

- The company has significant investments in other entities. There is a risk that the value of these investments may deteriorate as a result of the performance of these entities. Performance is reviewed on a regular basis and corrective action to protect the value of these investments is taken as appropriate. During the period, this review has included consideration of the potential impact of volatility in macro-economic factors affecting the businesses including the medium to long term impacts of the Covid-19 pandemic on the future cashflows and performance of the Company's investments. During the period there has been no impairment (2020: £nil). A shortfall in profitability compared to current expectations may result in future adjustments to investment in subsidiary balances.

**4. Key performance indicators (KPIs)**

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

**5. Future Development**

As the company acts as a holding and investment company the general level of activity is to remain consistent in the forthcoming year.

APPROVED BY ORDER OF THE BOARD



L Dobson  
Company Secretary

LEEDS  
17 June 2022

**IPF HOLDINGS LIMITED**  
**(Company Number 01525242)**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their annual report together with the audited financial statements of the company and the auditors' opinion for the year ended 31 December 2021.

**1. Dividend**

The directors of the company have not declared a dividend in the year (2020: £225,219,000).

**2. Directors**

The directors of the company at 31 December 2021 and at the date of this report, all of whom were directors for the whole of the year then ended, were:

A M Ackernley	(Appointed 24 November 2021)
F C Collins	(Appointed 24 November 2021)
D J Kleppen	(Appointed 24 May 2021)
J A Lockwood	(Resigned 23 July 2021)
J A Ormrod	(Resigned 24 November 2021)
G J Ryan	(Resigned 24 November 2021)

**3. Capital structure**

The company's capital structure includes a combination of ordinary called-up share capital and retained earnings.

**4. Events after the balance sheet date**

The directors confirm that there have been no events requiring recognition or disclosure after the balance sheet date.

**5. Disclosure of information to the auditor**

As far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. This statement is given and should be interpreted in accordance with the provision of section 418(2) of the Companies Act 2006.

**IPF HOLDINGS LIMITED**  
**(Company Number 01525242)**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. Auditor**

The auditors Deloitte LLP are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

**7. Indemnity**

Our Articles permit us to indemnify our directors (or those of an associated company) in accordance with the Act. However, no qualifying indemnity provisions were in force in 2021 or at any time up to 17 June 2022

As permitted by section 414C(11) of the Companies Act 2006, certain information is shown in the Strategic report and included in this Directors' report by cross reference. This information is:

- Principal activities of the Company
- Business review and outlook
- Results and dividends
- Principal risks and uncertainties

APPROVED BY ORDER OF THE BOARD



L Dobson  
Company Secretary

LEEDS  
17 June 2022

**IPF HOLDINGS LIMITED**  
**(Company Number 01525242)**

**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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

APPROVED BY ORDER OF THE BOARD



L Dobson  
Company Secretary

LEEDS

17 June 2022



## **IPF HOLDINGS LIMITED**

### **Independent auditor's report to the members of IPF Holdings Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements IPF Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **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.



## **IPF HOLDINGS LIMITED**

### **Independent auditor's report to the members of IPF Holdings Limited (continued)**

#### **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](http://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 about their own identification and assessment of the risks of irregularities.

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 the 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 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.

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 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.

## **IPF HOLDINGS LIMITED**

### **Independent auditor's report to the members of IPF Holdings Limited (continued)**

#### **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.



Peter Birch FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
17 June 2022

**IPF HOLDINGS LIMITED**  
**(Company Number 01525242)**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER**

	<u>Notes</u>	<u>2021</u> £'000	<u>2020</u> £'000
REVENUE	3	8,466	3,872
GROSS PROFIT		<u>8,466</u>	<u>3,872</u>
Administrative expenses		(10,264)	(2,075)
OPERATING (LOSS) / PROFIT		<u>(1,798)</u>	<u>1,797</u>
Interest payable and similar expenses	4	4	(45)
Interest receivable	4	436	4,266
Dividends received	3	-	60,219
(LOSS) / PROFIT BEFORE TAXATION	3	<u>(1,358)</u>	<u>66,237</u>
Tax charge on (loss)/profit	6	(37)	(1)
(LOSS) / PROFIT FOR THE YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDER OF THE COMPANY		<u>(1,395)</u>	<u>66,236</u>

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER**

	<u>Notes</u>	<u>2021</u> £'000	<u>2020</u> £'000
(LOSS) / PROFIT FOR THE YEAR		(1,395)	66,236
Total comprehensive income for the year		<u>(1,395)</u>	<u>66,236</u>

The results shown in the Profit and Loss account derive wholly from continuing activities.

The notes on pages 12 to 20 form part of these financial statements.

**IPF HOLDINGS LIMITED**  
**(Company Number 01525242)**

**BALANCE SHEET AS AT 31 DECEMBER**

	<u>Notes</u>	<u>2021</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>
NON - CURRENT ASSETS			
Tangible assets	7	-	-
Right-of-use asset	8	-	606
Investments	9	59,279	59,279
Deferred tax	10	63	100
		<u>59,342</u>	<u>59,985</u>
CURRENT ASSETS			
Debtors	11	9,774	11,384
Cash at bank and in hand		2	2
		<u>9,776</u>	<u>11,386</u>
CURRENT LIABILITIES			
CREDITORS: amounts falling due within one year	12	(1,040)	(1,898)
NET CURRENT ASSETS		<u>8,736</u>	<u>9,488</u>
NET ASSETS		<u>68,078</u>	<u>69,473</u>
CAPITAL AND RESERVES			
Called-up share capital	13	3,239	3,239
Profit and loss account		64,839	66,234
		<u>68,078</u>	<u>69,473</u>

The financial statements on pages 9 to 20 were approved and authorised for issue by the board of directors on 17 June 2022 and were signed on its behalf by:

A M Ackernley



(Directors)

D J Kleppen



**IPF HOLDINGS LIMITED**  
**(Company Number 01525242)**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER**

	<u>Called-up share capital</u> <u>Note 13</u> <u>£'000</u>	<u>Profit and loss</u> <u>account</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
<b>Balance at 1 January 2020</b>	3,239	225,217	228,456
	_____	_____	_____
Profit for the year	-	66,236	66,236
	_____	_____	_____
<b>Total comprehensive income for the year</b>	-	66,236	66,236
	_____	_____	_____
Dividends paid *	-	(225,219)	(225,219)
	_____	_____	_____
<b>Balance at 31 December 2020</b>	3,239	66,234	69,473
	_____	_____	_____
Loss for the year	-	(1,395)	(1,395)
	_____	_____	_____
<b>Total comprehensive expense for the year</b>	-	(1,395)	(1,395)
	_____	_____	_____
<b>Balance at 31 December 2021</b>	3,239	64,839	68,078
	_____	_____	_____

\*During the year the company declared and paid a dividend of £68.30 per ordinary share.

## **IPF HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. Principal accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, unless otherwise stated.

##### **a) Basis of accounting**

IPF Holdings Limited “the company” is a private company limited by shares incorporated and registered in England and Wales in the United Kingdom under the Companies Act. The address of the registered office is given in note 16. The nature of the company’s operations and its principal activity are set out in the strategic report on page 1.

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) ‘Reduced Disclosure Framework’ as issued by the Financial Reporting Council.

The financial statements have been prepared on the historic cost basis.

The functional and presentational currency of the company is pounds sterling.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of International Personal Finance plc. Details of the parent in whose consolidated financial statements the company is included are shown in note 16 to the financial statements.

As permitted by FRS 101, exemptions from applying the following requirements have been adopted: IFRS 7 “Financial Instruments: Disclosures”; IAS 7 “Statement of Cash Flows”; IAS 24; “Related Party Disclosures” paragraph 7; IAS 8 “Changes in Accounting Estimates and Errors” paragraphs 30-31 and IAS 36 “Impairment of Assets” paragraphs 134(d)-(f) and 135 (c) – (e).

The Group financial statements of International Personal Finance plc are available to the public and can be obtained as set out in note 16.

##### **b) Revenue**

Revenue represents the amounts receivable from fellow subsidiary undertakings in respect of the provision of business know-how and services and is recognised when such services are rendered to its fellow subsidiary undertakings.

##### **c) Administrative expenses**

Administrative expenses represent costs incurred in the development and strategic management of the overseas business units of International Personal Finance plc and are recognised on an accruals basis.

##### **d) Foreign exchange**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial year or the contracted rate to the extent that they are hedged. Resultant gains or losses are taken to the profit and loss account.



**IPF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**1. Principal accounting policies (continued)**

**e) Taxation**

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the financial statements. Deferred taxation balances are not discounted.

Current tax is calculated based on taxable profit or loss for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Where withholding tax has been suffered on overseas income received, it has been accounted for as overseas tax. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**f) Subsidiary undertakings**

The company undertakes an annual impairment review of investments in subsidiaries, which is performed by way of a comparison of the carrying value of the investment with the net assets of the subsidiary, or the future value in use. Where the carrying value is greater than the net assets or future value in use, a provision for impairment is made.

**g) Fixed Assets**

Fixed assets are measured at cost less depreciation and accumulated impairment. Depreciation of tangible fixed assets has been calculated by reference to the expected usual lives of the assets concerned. The following are the principal annual bases:

	<u>Percent</u>	<u>Basis</u>
Equipment, including computers	10 - 33.33%	Straight line
Leasehold improvements	10%	Straight line

Where fixed assets become obsolete, or suffer impairment in value, provision is made in the profit and loss account where necessary.

**h) Income from shares in Group undertakings**

The company receives dividends from Group undertakings which are recognised in the profit and loss account on an accruals basis.

**i) Right-of use assets / lease liabilities**

The Company assesses whether a contract is or contains at lease at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

**IPF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**1. Principal accounting policies (continued)**

i) Right-of use assets / lease liabilities (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, where this rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

j) Interest receivable

Interest income represents interest receivable on certain Group balances and bank deposits and is recognised on an accruals basis.

k) Interest payable and similar expenses

This represents the interest payable on certain Group balances. This was accounted for on an accruals basis.

l) Going concern

The directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (12 months from the date of these Financial Statements). Thus they continue to adopt the going concern basis of accounting in the Financial Statements. Further detail is contained in the Strategic Report on page 1.

m) Exceptional

The company classifies as exceptional those significant items that are one-off in nature and do not reflect the underlying performance of the company.

n) Cash and cash equivalents

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

o) Debtors and Creditors

Debtors and creditors do not carry interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. They are recognised when the Group's right to consideration is only conditional on the passage of time. Allowances incorporate an expectation of life-time credit losses from initial recognition and are determined using an expected credit loss approach.

**IPF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The directors deem that the only significant critical judgement are regarding the carrying value of investments in subsidiaries and the impairment of its intra-group receivable balances.

The directors monitor the carrying values of all investments in subsidiaries by reference to a Value in Use model. This compares expected future cashflows, discounted at the Group cost of funding of 10% (2020: 10%), to the value of the investment and results in impairment charges where the carrying value exceeds the Value in Use. During the period, this review has included consideration of the potential impact of volatility in macro-economic factors affecting the businesses including the medium to long term impacts of the Covid-19 pandemic on the future cashflows and performance of the Company's investments. Following this review, the directors concluded that no impairment losses were required as at 31 December 2021 (2020: £nil).

The company's debtor balances are accounted for in accordance with IFRS 9 *Financial Instruments*. In assessing the recoverability of these balances, the directors are required to make estimates about the ability of counterparties to repay these loans in full on their maturity and the quantum of expected credit losses that the company expects to incur. As at 31 December 2021, the directors have an expectation that all outstanding balances will be repaid in full on their maturity and expected credit losses of £nil (2020: £nil) have therefore been recognised within the company's financial statements. In reaching their conclusions, the directors have considered the financial performance of the company's counterparties during 2021, the financial position of the company's counterparties as at 31 December 2021 and the impact that volatility in macro-economic factors affecting the businesses, including the medium to long term impacts of the Covid-19 pandemic, may have on the ability of counterparties to repay these balances in full on their maturity.

**3. Revenue and profit before taxation**

Revenue relates to one class of business, the origin of which is wholly within the UK.

The profit on ordinary activities before taxation is stated after charging/(crediting):

	<u>2021</u> £'000	<u>2020</u> £'000
Depreciation of right-of-use assets (note 8)	455	883
Right-of-use assets modification (note 8)	151	202
Depreciation of tangible fixed assets (note 7)	-	22
Auditor's remuneration:		
Fees payable to the auditor for the audit of the company's financial statements	2	2
Dividends received	-	(60,219)
Net foreign exchange loss / (gains)	-	1
	<hr/>	<hr/>

**4. Interest receivable/(payable) and similar expenses**

	<u>2021</u> £'000	<u>2020</u> £'000
Interest receivable / (payable) and similar expenses		
Interest on leases	4	(45)
	<hr/>	<hr/>
Interest receivable		
Interest receivable - Group	436	4,266
	<hr/>	<hr/>

**IPF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**5. Directors' emoluments and employee information**

All the costs of the directors' emoluments were borne by another Group company.

During the year three of the directors (2020: three) exercised 466,452 (2020:74,378) share options in shares of the company's parent undertaking International Personal Finance plc. The exercise price of these options in 2021 was £zero (2020: £zero).

The average monthly number of persons employed by the company, excluding executive directors, during the year was nil (2020: nil). All employee and related costs were borne by the company's parent undertaking or fellow subsidiary undertakings.

**6. Tax charge on (loss) / profit**

(a) Analysis of tax charge for the year:

	<u>2021</u> £'000	<u>2020</u> £'000
Deferred tax :		
Origination and reversal of timing differences	(94)	-
Adjustment in respect of prior years	57	(1)
Total deferred tax charge (note 10(b))	<u>(37)</u>	<u>(1)</u>
Tax charge on (loss) / profit (note 6(b))	<u>(37)</u>	<u>(1)</u>

(b) Factors affecting the tax charge for the year:

The tax charge for the year can be reconciled to the profit and loss account as follows:

	<u>2021</u> £'000	<u>2020</u> £'000
(Loss) / profit before taxation	(1,358)	66,237
Expected tax credit / (charge) calculated at the standard rate of corporation tax in the UK of 19% (2020: 19%)	<u>258</u>	<u>(12,585)</u>
Effects of:		
Expenses not deductible for tax purposes	-	(2)
Non taxable dividends	-	11,442
Group relief for nil payment	(364)	1,133
Adjustment in respect of prior years	57	(1)
Deferred tax rate changes	12	12
Total tax charge for the year (note 6(a))	<u>(37)</u>	<u>(1)</u>

(c) Factors that may affect future tax charges:

The headline rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. On the 3<sup>rd</sup> March 2021 the UK Chancellor of the Exchequer announced that the corporation tax rate will increase from 19% to 25% from April 2023. The proposed change in the corporation tax rate was subsequently included in Finance Act 2021 which was substantively enacted on 24 May 2021.

**IPF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**7. Tangible fixed assets**

	<u>Equipment</u> £'000	<u>Leasehold</u> <u>improvements</u> £'000	<u>Total</u> £'000
Cost			
At 1 January 2020	5,064	2,609	7,673
At 31 December 2020	<u>5,064</u>	<u>2,609</u>	<u>7,673</u>
<b>At 31 December 2021</b>	<u><b>5,064</b></u>	<u><b>2,609</b></u>	<u><b>7,673</b></u>
Depreciation			
At 1 January 2020	5,048	2,603	7,651
Charge for the year	16	6	22
At 31 December 2020	<u>5,064</u>	<u>2,609</u>	<u>7,673</u>
<b>At 31 December 2021</b>	<u><b>5,064</b></u>	<u><b>2,609</b></u>	<u><b>7,673</b></u>
Net book value at 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value at 31 December 2021</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

**8. Right-of-use-assets and lease liabilities**

The movement in the right-of-use assets in the period is as follows:

**Right-of-use assets**

	<u><b>2021</b></u> <u><b>£'000</b></u>	<u><b>2020</b></u> <u><b>£'000</b></u>
Net book value at start of period	<b>606</b>	1,691
Impairment	-	(202)
Modification	<b>(151)</b>	-
Depreciation	<b>(455)</b>	(883)
<b>Net book value at end of period</b>	<u><b>-</b></u>	<u>606</u>

During 2020, the company ceased to use part of its leased premises, resulting in an impairment of £202,000 being recognised in profit and loss. During 2021, the payments made on surrendering the lease were lower than initially estimated.

All right-of-use assets related to one class of asset, being leased office premises.

**IPF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**8. Right-of-use-assets and lease liabilities (continued)**

The movement in the lease liability in the period is as follows:

Lease liability	<u>2021</u> £'000	<u>2020</u> £'000
Lease liability at start of period	897	1,533
Modifications	(151)	-
Interest (income) / expense	(4)	45
Lease Payments	(742)	(681)
	<hr/> -	<hr/> 897
Analysed as:		
Current	-	897
	<hr/> -	<hr/> 897
<b>Lease liability at end of period</b>	<hr/> <b>-</b> <hr/>	<hr/> <b>897</b> <hr/>

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the rate implicit in the lease.

The total cash outflow in respect to lease liabilities in the period was £742,000 (2020: £681,000)

The amounts recognised in profit and loss are as follows:

	<u>2021</u> £'000	<u>2020</u> £'000
Depreciation on right-of-use assets	455	883
Impairment of right-of-use-assets	151	202
Interest (income) / expense on lease liabilities	(4)	45
<b>Total amounts recognised through profit and loss</b>	<hr/> <b>602</b> <hr/>	<hr/> <b>1,130</b> <hr/>

**9. Investments**

Investments in subsidiary undertakings or fellow subsidiary undertakings comprise:

	<u>Shares at cost</u> £'000
At 1 January 2021	59,279
At 31 December 2021	<hr/> 59,279 <hr/>



**IPF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**9. Investments (continued)**

<u>Name of subsidiary or fellow subsidiary</u>	<u>Country of incorporation</u>	<u>Class of shares issued</u>	<u>Percentage holding</u>
International Personal Finance Investments Limited	England	Ordinary £1	100%
IPF Financial Services Limited	England	Ordinary £1	100%

All UK subsidiaries are registered at the same office as the company, and this address is shown in note 16 on page 20.

In the opinion of the directors, the value of the company's investment in its subsidiary undertakings at the balance sheet date is not worth less than the amount at which it is stated in the balance sheet. Further information regarding the key assumptions applied by the directors in reaching this conclusion is included in Note 2.

**10. Deferred taxation**

a) Deferred tax is recognised in the financial statements as follows:

	<u>2021</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>
Accelerated capital allowances	63	62
Other short-term temporary differences	-	38
	<u>63</u>	<u>100</u>

b) The movement in deferred tax during the year is as follows:

	<u>2021</u> <u>£'000</u>
Deferred tax asset at 1 January 2021	100
Prior year adjustment	57
Charged to profit and loss account in the year (note 6(a))	(94)
	<u>        </u>
<b>Deferred tax asset at 31 December 2021</b>	<b>63</b>

**11. Debtors**

Amounts falling due within one year:

	<u>2021</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>
Amounts owed by ultimate parent undertaking	9,740	11,286
Prepayments and accrued income	34	98
	<u>9,774</u>	<u>11,384</u>

Amounts owed by the company's ultimate parent undertaking are unsecured and have no fixed date of repayment and include amounts where interest is credited at rates based on the cost of external finance.

**IPF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(CONTINUED)**

**12. Creditors**

Amounts falling due within one year:

	<u>2021</u> £'000	<u>2020</u> £'000
Trade creditors	26	85
Amounts owed to other Group undertakings	160	161
Accruals and deferred income	854	755
Lease liability	-	897
	<u>1,040</u>	<u>1,898</u>

Amounts owed to other Group undertakings are unsecured, and no interest is charged on amounts owed to other Group undertakings.

**13. Called-up share capital**

	<u>2021</u> £'000	<u>2020</u> £'000
<b>Authorised</b> 6,000,000 ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>
<b>Allotted, called-up and fully paid</b> 3,239,072 ordinary shares of £1 each	<u>3,239</u>	<u>3,239</u>

**14. Related party disclosures**

As a wholly owned subsidiary, the company has taken advantage of the exemption in FRS 101 "Related Party Disclosures" from disclosing related party transactions with other entities included in the consolidated financial statements of International Personal Finance plc.

**15. Contingent liabilities**

The company has a contingent liability for (i) guarantees given in respect of borrowings made by the company's ultimate parent undertaking and (ii) guarantees given jointly and severally with the company's ultimate parent undertaking in respect of borrowings made by certain of its fellow subsidiaries to a maximum of £560,274,000 (2020: £609,062,000). At 31 December 2021 the borrowings amounted to £477,975,000 (2020: £499,150,000). No loss is expected to arise.

**16. Parent undertaking**

The company, whose liability is limited to a maximum of the share capital issued, is registered and domiciled in the United Kingdom, the registered office of the company is located at 26 Whitehall Road, Leeds LS12 1BE. The immediate and ultimate parent undertaking and controlling party is International Personal Finance plc, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of that company's consolidated financial statements can be obtained from the Company Secretary, International Personal Finance plc, 26 Whitehall Road, Leeds LS12 1BE or on the Group's website at [www.ipfin.co.uk](http://www.ipfin.co.uk).