
PROPENSIO FINANCE LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 30 SEPTEMBER 2022

PROPENSIO FINANCE LIMITED
REGISTERED NUMBER: 10965808

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £	<i>As restated</i> 2021 £
Fixed assets			
Tangible assets	4	19,664	8,225
Investments	5	100	-
		<u>19,764</u>	<u>8,225</u>
Current assets			
Debtors: amounts falling due after more than one year	6	1,446,210	6,910,202
Debtors: amounts falling due within one year	6	7,439,132	1,175,495
Cash at bank and in hand		454,055	250,191
		<u>9,339,397</u>	<u>8,335,888</u>
Creditors: amounts falling due within one year	7	(661,220)	(400,147)
Net current assets		<u>8,678,177</u>	<u>7,935,741</u>
Total assets less current liabilities		<u>8,697,941</u>	<u>7,943,966</u>
Creditors: amounts falling due after more than one year	8	(10,220,892)	(9,195,977)
Net liabilities		<u><u>(1,522,951)</u></u>	<u><u>(1,252,011)</u></u>

PROPENSIO FINANCE LIMITED
REGISTERED NUMBER: 10965808

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		(1,523,051)	(1,252,111)
		<u>(1,522,951)</u>	<u>(1,252,011)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D I Hindle
Director

Date: 11 May 2023

The notes on pages 3 to 11 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. General information

The principal activity of Propensio Finance Limited ("the Company") was the provision of Consumer Finance lending products via a network of brokers, retailers and suppliers, to private individuals for a variety of specific products, such as home improvements, installation of renewable energy measures or the purchase of a static caravan as a holiday home.

The Company is limited by shares and is registered in England and Wales. The Registered Office is Building 3, Callflex Business Park, Golden Smithies Lane, Wath-Upon-Dearne, Rotherham, South Yorkshire, S63 7ER.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Going concern

The financial statements have been prepared on the going concern basis. The director has considered the loss for the year, the Statement of Financial Position at the accounting date and reviewed forecasts and is satisfied the Company is in a position to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

As at the year end, the Company made a loss of £270,940 (2021: £521,265), and had net liabilities of £1,522,951 (2021: £1,252,011).

From shareholder entities there is £4.7m of undrawn capital ready to be deployed and a further £10m mezzanine facility from the credit strategy arm. In total there is c.£8.3m of undrawn commitments that will support the additional senior bank facilities that the Company has. The loan book continues to grow strongly, and the Company is projecting to reach a break-even position before the end of the 2023 financial year.

In summary the business is well capitalised and set up to support long-term growth for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Interest on loans is calculated using the effective interest method which allocates any interest, fees and subsidies receivable over the expected life of the assets and represents the return on credit risk faced by the entity. The effective interest method requires the Company to estimate future cashflows, in some cases based on experience of behaviour, the terms of the loan agreement and the expected lives of the receivables.

The effective interest rate is calculated at the time of initiating the loan facility and the calculation is based on estimating future cash flows over the shorter of the contractual life of the loan or the expected behavioural life. The expected life assumptions utilise repayment profiles to represent how borrowers are expected to repay.

Arrangement fees are recognised upfront when the loan agreements are signed.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Coronavirus Job Retention Scheme income and expenditure

Furlough income is receivable as compensation for salary expenses already incurred and to give immediate financial support to the Company with no future related costs. This income is recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 20% to 33%
Computer equipment	- 20% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Financial instruments

The Company only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

(i) Financial assets

Basic financial assets, including trade and other debtors, and, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.12 Financial instruments (continued)

objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Income and Retained Earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and accruals, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Employees

The average monthly number of employees, including directors, during the year was 13 (2021 - 8).

PROPENSIO FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

4. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 October 2021	6,133	10,092	16,225
Additions	6,542	10,743	17,285
Disposals	-	(600)	(600)
	<u>12,675</u>	<u>20,235</u>	<u>32,910</u>
At 30 September 2022	12,675	20,235	32,910
Depreciation			
At 1 October 2021	3,720	4,280	8,000
Charge for the year on owned assets	1,982	3,664	5,646
Disposals	-	(400)	(400)
	<u>5,702</u>	<u>7,544</u>	<u>13,246</u>
At 30 September 2022	5,702	7,544	13,246
Net book value			
At 30 September 2022	<u>6,973</u>	<u>12,691</u>	<u>19,664</u>
<i>At 30 September 2021</i>	<u>2,413</u>	<u>5,812</u>	<u>8,225</u>

PROPENSIO FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	100
	<hr/>
At 30 September 2022	<u>100</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Propensio Receivables Limited	Building 3, Callflex Business Park, Golden Smithies Lane, Wath-Upon-Deerne, Rotherham, South Yorkshire, S63 7ER	Ordinary	100 %

PROPENSIO FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

6. Debtors

	2022 £	2021 £
Due after more than one year		
Loans receivable	<u>1,446,210</u>	<u>6,910,202</u>
	2022 £	2021 £
Due within one year		
Loans receivable	376,773	1,047,004
Other debtors	21,993	-
Prepayments and accrued income	7,040,366	128,491
	<u>7,439,132</u>	<u>1,175,495</u>

Loans receivable are stated net of provisions. The total provision at the period end is £ 221,523 (2021: £76,996).

7. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	258,965	236,936
Trade creditors	47,971	11,849
Other taxation and social security	14,736	8,303
Other creditors	102,601	75,000
Accruals and deferred income	236,947	68,059
	<u>661,220</u>	<u>400,147</u>

8. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans	756,434	3,922,331
Other loans	8,900,000	5,051,836
Other creditors	564,458	221,810
	<u>10,220,892</u>	<u>9,195,977</u>

PROPENSIO FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	258,965	236,936
	<u>258,965</u>	<u>236,936</u>
Amounts falling due 1-2 years		
Bank loans	756,434	3,922,331
Other loans	8,900,000	5,051,836
	<u>9,656,434</u>	<u>8,974,167</u>
	<u><u>9,915,399</u></u>	<u><u>9,211,103</u></u>

The total secured balance as at the reporting date is £ 9,915,399 (2021: £9,211,103) and is secured over the assets of the Company.

The director considers that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

PROPENSIO FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

10. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
Nil (2021 - 100) Ordinary shares of £1.000 each	-	100
100,000 (2021 - Nil) Ordinary shares of £0.001 each	100	-
	<u>100</u>	<u>100</u>

During the year, the Ordinary Shares of £1.00 were subdivided into 100,000 shares of £0.001 each by written resolution.

11. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totalling £737 (2021 - £526) were payable to the fund at the reporting date and are included in creditors.

12. Related party transactions

Where possible, the Company has taken advantage of the exemptions in Section 33.1A of FRS 102 not to disclose transactions with other wholly-owned group undertakings.

Included within creditors falling due after more than one year is a balance of £9,320,865 (2021: £5,273,646) due to a company under common control.

During the year, a total of £917,568 (2021: £277,749) of interest was charged to the Company by a company under common control.

Included within other creditors is a balance of £75,000 (2021: £75,000) owed to the director. This balance is unsecured with no fixed repayment terms.

Included within accruals is a balance of £28,028 (2021: £22,094) owed to the director.

13. Controlling party

The immediate parent undertaking is Quilam Capital Investments LLP. The Registered Office is 4th Floor, 24 Old Bond Street, London, W1S 4AW.

There is no ultimate controlling party.

14. Auditors' information

The auditors' report on the financial statements for the year ended 30 September 2022 was unqualified.

The audit report was signed on 11 May 2023 by David Landau FCA (Senior Statutory Auditor) on behalf of BKL Audit LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.