PROVIDENT FINANCIAL HOLDINGS LIMITED
(Company Number 13061852)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS

PROVIDENT FINANCIAL HOLDINGS LIMITED
(Company Number 13061852)

DIRECTORS' REPORT

Provident Financial Holdings Limited (the 'Company') is a wholly-owned subsidiary of Vanquis Banking Group plc (formerly Provident Financial 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 Company's principal activity is that of an intermediate holding company. The Company generates income from interest on intercompany loans and dividends received from its investments in subsidiaries.

Results

The annual report and financial statements cover the year ended 31 December 2022. The Company was incorporated on 4 December 2020, therefore the comparative figures relate to the period from incorporation on 4 December 2020 to 31 December 2021.

The income statement for the year is set out on page 12. The resulting profit after tax for the year of £59.8m (2021: Loss after tax: £278.8m) has been included in reserves and reflects the dividends received in the year partially offset by the net intercompany interest expense and impairment provisions for the intercompany balances in relation to the Consumer Credit Division ('CCD'), which is no longer trading.

Dividends

The directors made dividend payments of £95.1m (2021: £85.0m) to the parent company, Vanquis Banking Group plc, during the year ended 31 December 2022.

Directors

The directors of the Company at 31 December 2022 and up to the date of signing of this report, except where stated, were:

N Kapur (Resigned 7 August 2023)
M Le May (Resigned 1 August 2023)
I McLaughlin (Appointed 1 August 2023)
G Cronin (Appointed 7 August 2023)

Consolidation exemption

The Company is not required to produce consolidated financial statement for its subsidiaries as the immediate and ultimate parent of the Company, Vanquis Banking Group plc, produces consolidated financial statements which includes the Company and its subsidiaries. The annual report and financial statements for Vanquis Banking Group plc are publicly available.

Employee involvement

The Company does not have any employees (2021: no employees).

Climate change

Disclosures are made in the Group's Annual Report and Financial Statements in respect of the Group's:

- Scope 1 and 2 greenhouse gas emissions in tonnes of carbon dioxide equivalent;
- Material Scope 3 carbon emissions in supply chain;
- Compliance with Taskforce on Climate related financial disclosures ("TCFD") recommendations
- A relevant intensity ratio (i.e. kilograms of carbon dioxide equivalent per customer); and
- Information on underlying energy use for 2022.

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.

DIRECTORS' REPORT (CONTINUED)

This disclosure covers the greenhouse gas emissions and energy use for the Group and its operating divisions incorporating the Company.

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 in order 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
The directors expect that the business will continue in existence for a period of at least twelve months from the date of approval of the financial statements and the Company will be able to meet its liabilities as they fall due. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Due to the Company's period-end position, the ultimate parent undertaking, Vanquis Banking Group plc, has confirmed its continued support for the company for at least the next 12 months from the date of signing the financial statements. Accordingly, the financial statements of the company have been prepared on a going concern basis.

Post Balance Sheet Events
Post balance sheet events are disclosed in note 14.

BY ORDER OF THE BOARD

G Cronin
Director
15 September 2023

PROVIDENT FINANCIAL HOLDINGS LIMITED
(Company Number 13061852)

STRATEGIC REPORT

Review of the business

The profit after tax for the year of £59.8m (2021: Loss after tax: £278.8m) has been included in reserves and reflects the dividends received in the year of £95.1m (2021: £85.0m), partially offset by the net intercompany interest expense of £30.9m (2021: £12.6m) and the impairment provisions for the intercompany balances and investment in relation to CCD of £12.1m (2021: £353.5m), which is no longer trading.

The Company was incorporated on 4 December 2020 as an unlimited company. On 29 December 2020, the Company acquired the shares in Vanquis Bank Limited, Duncton Group Limited (the Moneybarn sub-group) and N&N Simple Financial Solutions Limited (the Cheque Exchange sub-group) from Vanquis Banking Group plc primarily in exchange for the issue of ordinary shares issued at a premium. Following the acquisitions, the Company, as an unlimited company, reduced its share capital/share premium and credited distributable reserves. Subsequently, the Company acquired the shares in Provident Financial Management Services Limited (the CCD sub group) in exchange for consideration left outstanding on the intercompany account. In addition, Vanquis Banking Group plc and certain other subsidiaries novated various loan receivables due from other group companies to the Company in exchange for amounts left outstanding on the intercompany account.

On 27 January 2021, the Company became a limited company.

Key performance indicators (KPIs)

The Company solely operates to provide finance to fund 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 and financial risk management

The Company participates in the Group-wide 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.

Statement regarding section 172 of the Companies Act 2006

Provident Financial Holdings Limited (PFH) acts as the intermediate holding company for Vanquis Bank Ltd (VB), and other group trading divisions which form part of the Vanquis Banking Group plc group of companies (‘the Group’). PFH does not have any employees.

The Company met three times in the reporting period. On 22 April 2022 it considered reports from the CEO and CFO to assess the performance of its investments. The Board approved an intercompany loan agreement and noted more broadly the funding arrangements that were being put in place to facilitate effective capital management across the Group. In addition, the Board received an update on the orderly wind down of CCD and associated company liquidations and the Scheme of Arrangement. On 30th June 2022 the Board noted the application that had been made by the Group for a Core UK Group Waiver, which you can read more about below. On 29 September 2022 the Board focussed on the performance of its investments, noting the Interim Results that had been announced for the Group and approving the payment of an interim dividend.

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 PFH has no customers	• Not applicable	• Not applicable	• Not applicable

Our shareholder PFH is a wholly owned subsidiary of Vanquis Banking Group plc ('the plc') and is the intermediate holding company for a number of companies within the Group. As such it is of paramount importance that there are good communication flows between PFH and the plc together with an understanding by PFH of the Group's requirements and needs, particularly relating to the declaration of dividends within the Group. Direct and regular engagement with our shareholder ensures that PFH has a clear understanding of its role as part of the Group	• The Group CEO is Chair of the PFH Board and the Group CFO is a member • PFH Board meetings took place three times in the reporting period • Financial reporting, strategy and common accounting principles are utilised across the Group to provide alignment • 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 CSR	• Performance of investments • Group funding and other Capital matters • The progress of the Scheme of Arrangement and company liquidations in respect of the orderly wind down of the Consumer Credit Division (CCD) • The declaration of dividends, including affordability of the dividends proposed.	• Updated Intra-Group lending arrangements • The subscription of shares in Duncton Group Limited • The declaration of the relevant dividends
Our colleagues PFH employs no colleagues	• Not applicable	• Not applicable	• Not applicable
Our communities PFH, as part of the wider Group, supports the Group's purpose and the activities and initiatives which seek to address some of the key factors which, on their own or acting together, may reduce someone's likelihood to be accepted for credit	• PFH directors sit on the plc Board, which drives the Group Social Impact Programme that delivers community investment • PFH directors participate in the Group Customer, Culture and Ethics Committee at which Group-wide community matters are discussed and overseen by the plc Board • plc Board oversight of community matters and the approach to external engagement regarding the Group's purpose and role in society	As a member of the Group: • Community contributions and charitable giving • Volunteering • Matched employee fundraising • Relationships with debt charities • Group Social Impact programme	As a member of the Group: • Group approach to external engagement regarding the Groups purpose and role in society • 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 PFH is not directly regulated, but supports all interactions with Group regulators as a responsible member of the Group	• The PFH Directors are the plc CEO and CFO which ensures alignment on matters of regulatory engagement with the wider Group • plc Board members and executive management engage proactively with	As a member of the Group: • Any regulatory engagement focus areas relating to the Company's investments	• That PFH 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

	regulators via regular face to face and telephone meetings • Regulatory risk reporting, including horizon scanning, is carried out and reported to the plc Risk Committee and plc Board • Regulatory engagement and correspondence is reported to and discussed by the plc Board • Dialogue and engagement regarding current products, potential products, customer outcomes and digitisation primarily through the Group CRO		
Our suppliers PFH has no suppliers.	• Not applicable	• Not applicable	• Not applicable
Our environment The Group, including PFH, seeks to minimise its environmental impact, in particular to reduce greenhouse gas emissions associated with its business activities, thereby lessening its contribution to issues such as climate change	As a member of the Group: • The Group utilises the Group Environmental Management System (EMS) • The plc has a Customer, Culture and Ethics Committee at which Group-wide environmental matters are overseen by the plc Board Committee • The Group submission to the Carbon Disclosure Project	As a member of the Group: • Climate change • Environmentally conscious vehicle manufacture • Funding of electric vehicles • Achievement of the Task Force on Climate Related Financial Disclosures objectives • Compliance with ISO 14001	As a member of the Group: • Group wide reduced emissions targets resulting in a reduction in the Groups scope 1 and 3 emissions • Group submission to the Carbon Disclosure Project • Compliance with ISO 14001 • Continued offset of the Group's operational carbon footprint • Group commitment to the six long-term ESG objectives • Implementation of the Task Force on Climate Related Financial Disclosures objectives and recommendations

In the Group's standard board reporting templates, there is a section which presenters have to complete asking them to set out the impact/key matters for the Board to consider in relation to stakeholders: customers; colleagues; suppliers; regulators/government; investors, communities; environment; reputation; and, long term considerations. This draws attention to all of the factor's directors need to take into account when considering their duties relating to s.172 Companies Act 2006.

In making the following principal decision, the Board took into account its duties under s172 of the Companies Act 2006:

STRATEGIC REPORT (CONTINUED)

Decision to enter into new intra-group funding arrangements

In October 2021 the Group applied to the Prudential Regulation Authority for a Core UK Group Waiver (the waiver). The waiver would deliver financial efficiency benefits to the Group as it would disapply the maximum amount that Vanquis Bank Ltd could lend to other Group entities, principally the Group's vehicle finance product line Moneybarn. Furthermore, the group's funding mix would be optimised. On 30 June 2022 the Board considered a proposal that would effect intra-group funding changes, including: (i) the execution of a Net Settlement Agreement that reflected the partial repayment of existing intercompany lending (ii) the increase in the intercompany balance between the plc and the Company for the purposes of further capitalising Moneybarn; and (iii) further to (ii), the subscription by the Company of shares in Duncton Group Limited.

The Board noted that the proposal met the Group's policy requirements as set out within the Intra-Group Funding and Lending Framework. The Board noted that a suitable risk assessment had been completed with all impacts of the activity having been addressed prior to lending and on an ongoing basis. Having due regard to its position as a wholly owned subsidiary of the plc and as the intermediate holding company for a number of companies within the Group, the Board noted the benefit to the Group of the expansion of retail funding deposit to be allocated across the Group and decided to proceed with the proposed lending arrangements.

Customers
PFH does not have any direct customers of its own but considered the effect of the beneficial funding arrangements on the customers of its operating investments. The Board noted that there were no customer or conduct risks associated with entering into the funding arrangements.

Colleagues
PFH does not directly employ any colleagues and the Board noted that there were no impacts on colleagues of entering into the funding arrangements.

Those in a business relationship with the Group
PFH does not have a direct relationship with any suppliers.

Regulators / Government
PFH is not regulated, but the Board received an update in relation to the ongoing relationship with regulators and specifically the update on the ongoing relationship/ discussions with the PRA in relation to the waiver.

Investors
The Board noted that its sole shareholder Vanquis Banking Group plc had submitted the application to the PRA for the waiver which was expected to be beneficial to the Group as a whole. The plc had worked co-operatively with the PRA to submit the application and had provided answers to any supplemental questions raised by the regulator completing any other matters necessary.

Community
The Board noted that there was no community risks or impact arising from the decision.

Environment
The Board noted that there were no environmental risks or impact arising from the decision.

Reputation
The Board noted that there were no reputation risks associated with the decision.

STRATEGIC REPORT (CONTINUED)

BY ORDER OF THE BOARD

G Cronin
Director
15 September 2023

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 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 AUDITOR'S REPORT

Independent auditor's report to the members of Provident Financial Holdings Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Provident Financial Holdings Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profits for the 12 months 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 14.

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, valuation and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- the valuation of investments in subsidiaries, as part of our response we:
    - gained an understanding of the governance and oversight process in place in relation to the budget approval process and forecasting methodology;
    - reviewed the key assumptions used within the cash flow forecasts for appropriateness and compared the cash flow forecasts used across other areas of the financial statements;
    - engaged with our internal valuation specialists to determine a reasonable discount rate and compared this against management's calculations; and
    - performed independent research to assess whether the terminal growth rate used within management's model is reasonable.

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 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.

DocuSigned by:
Chris Freckelton
D2F41897D4E34E4...

Chris Freckelton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
15 September 2023

PROVIDENT FINANCIAL HOLDINGS LIMITED
(Company Number 13061852)

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Interest income		43.7	54.6
Dividend income		95.1	85.0
Total revenue	1	138.8	139.6
Finance costs	2	(74.6)	(67.2)
Total income		64.2	72.4
Operating costs		(12.1)	(353.6)
Profit/(loss) before taxation	3	52.1	(281.2)
Tax credit	4	7.7	2.4
Profit/(loss) for the financial period attributable to equity shareholders		59.8	(278.8)

All of the above operations relate to continuing operations.

There is no other comprehensive income for the period.

BALANCE SHEET

As at 31 December	Note	2022 £m	2021 £m
ASSETS			
Investments in subsidiaries	5	1,631.9	1,581.9
Trade and other receivables	6	550.8	595.5
TOTAL ASSETS		**2,182.7**	**2,177.4**
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	7	1,049.8	1,009.2
Total liabilities		1,049.8	1,009.2
Equity attributable to owners of the parent			
Share capital	9	-	-
Retained earnings		1,132.9	1,168.2
Total Equity		1,132.9	1,168.2
TOTAL LIABILITIES AND EQUITY		**2,182.7**	**2,177.4**

The financial statements on pages 12 to 24 were approved and authorised for issue by the board of directors on 15 September 2023 and were signed on its behalf by:

G Cronin

Director

PROVIDENT FINANCIAL HOLDINGS LIMITED
(Company Number 13061852)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total £m
Balance on incorporation		-	-	-	-
Loss and total comprehensive expense for the period		-	-	(278.8)	(278.8)
Issue of share capital		-	1,532.0	-	1,532.0
Capital reduction		-	(1,532.0)	1,532.0	-
Dividends paid		-	-	(85.0)	(85.0)
Balance at 31 December 2021		-	-	1,168.2	1,168.2
Profit and total comprehensive income for the period		-	-	59.8	59.8
Dividends paid		-	-	(95.1)	(95.1)
Balance at 31 December 2022		-	-	1,132.9	1,132.9

STATEMENT OF CASH FLOWS

For year ending 31 December	Note	2022 £m	2021 £m
Cash flow from operating activities			
Cash generated from operations	11	-	-
Net cash generated from operating activities		**-**	**-**
Cash flows from investing activities			
Dividend received from subsidiaries		95.1	85.0
Net cash generated from investing activities		**95.1**	**85.0**
Cash flow from financing activities			
Dividend paid to parent		(95.1)	(85.0)
Net cash used in financing activities		**(95.1)**	**(85.0)**
Net change in cash, cash equivalents and overdrafts		-	-
Cash, cash equivalents and overdrafts at end of period		**-**	**-**
Cash, cash equivalents and overdrafts at end of period comprise:			
Cash at bank and in hand		-	-
Total cash and cash equivalents		**-**	**-**

STATEMENT OF ACCOUNTING POLICIES

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

The principal activity of the Company is that of a holding company.

Basis of preparation
The financial statements cover the year ended 31 December 2022. The Company was incorporated on 4 December 2020 therefore the comparative figures relate to the period from incorporation on 4 December 2020 to 31 December 2021.

The financial statements of the Company are prepared in accordance with IFRS as adopted by the UK, International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006.

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

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

Going Concern
In assessing whether the Company is a going concern, the directors have therefore considered the ability of the Group to continue as a going concern due to the intercompany funding provided by the parent company Vanquis Banking Group plc. The directors of the Group have reviewed the Group's corporate plan as approved in December 2022 and the Group's latest financial outlook. In doing so, the Board reviewed detailed forecasts for the three year period to December 2025 and also considered less detailed forecasts for 2026 and 2027. These higher level outer year forecasts do not contain any information which would cause different conclusions to be reached over the longer-term viability of the Group. 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 2023 with inflation rising to approximately 17% and the UK Bank Rate rising to 6%. As a result, the UK unemployment rate rises to approximately 8.5% 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 Group has the required resources to continue in business for a period of at least twelve months following the approval of the Company accounts. In addition, due to the Company's position at the period end, the immediate and 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. For this reason, the directors continue to adopt the going concern basis in preparing the Company's accounts.

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)

Consolidation exemption
The Company is not required to produce consolidated financial statement for its subsidiaries as the immediate and ultimate parent of the Company, Vanquis Banking Group plc, produces consolidated financial statements which includes the Company and its subsidiaries. The annual report and financial statements for Vanquis Banking Group plc are publicly available.

Revenue
Revenue comprises interest and dividend income earned from subsidiaries.

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.

Investments
The Company’s investments in subsidiaries are stated at cost less provisions for impairment where required. Impairment provisions reflect the shortfall between the carrying value of the investment with the higher of: (i) fair value less costs to sell; and (ii) value in use of the subsidiary.

Dividends
Dividend distributions to the Company’s shareholder are recognised in the financial statements when paid.

Dividend income from investments is recognised when the shareholder's rights to receive payment has been established, provided that it is probable that the economic benefits will flow and the amount of revenue can be measured reliably.

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

Finance income
Finance income comprises interest income earned on intra-group loan arrangements and are recognised on an effective interest rate basis.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Intercompany
Expected credit losses on Company intercompany balances are assessed at each balance sheet date. The PDs and LGDs are determined for each loan based on the fellow Group subsidiary undertaking's available funding and cash flow forecasts.

Critical accounting judgements and key sources of estimation
The Company believes that there is a key source of estimation uncertainty in relation to the estimates taken in the calculation of the future cash flow forecast used to determine the value in use of its investments in its subsidiary, Duncton Group Limited, when determining any potential impairments.

The Company reviews the carrying value of its investments in subsidiaries at each balance sheet date. The carrying value is assessed against its value in use cash flow forecast. This involves estimations to be taken by management in relation to the future cash flows of the investment and the rates used to discount these cash flows. Further details into the inputs used in the impairment assessment are provided in Note 5 of the financial statements.

After assessing the value in use of the Company's material investments in subsidiaries, management have concluded that the recoverable amounts of all investments are in excess of their carrying value and thus no impairment charge has been recognised in the current financial year.

The Company's investment in Vanquis Bank Limited has a value in use significantly in excess of the carrying value of the investment and therefore management do not consider there to be any key estimation uncertainty in relation to the estimates taken in the value in use assessment performed for Vanquis Bank Limited at the balance sheet date.

The Company's investment in Duncton Group Limited is assessed through calculating the value in use of its main indirect trading subsidiary, Moneybarn No1 Limited. The value in use of Moneybarn No1 Limited is in excess of its carrying, however management consider there to be a key source of estimation uncertainty in relation to the estimates taken in the impairment assessment.

The value in use is sensitive to adverse movements in the discount rate used as this can have a significant effect on the valuation and can be subject to fluctuations in external market rates and economic conditions beyond management's control.

Further sensitivity analysis has therefore been provided in Note 5.

FINANCIAL AND CAPITAL RISK MANAGEMENT REPORT

Provident Financial Holdings Limited (the 'Company') is a wholly-owned subsidiary of 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 undertakings fail to honour repayments as they fall due. The Company's maximum exposure to credit risk on bank counterparties as at 31 December 2022 was £nil (2021: £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 6 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 Group 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 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 Group Board approved Group funding and liquidity policy. This process is monitored regularly by the 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 2022, the Group's committed borrowing facilities had a weighted average period to maturity of 2.0 years (2021: 2.5 years) and the headroom on these committed facilities amounted to £50.0m (2021: £110.0m).

Historically, the Group's funding strategy, excluding Vanquis Bank Limited was to maintain sufficient available funds and committed facilities to pre-fund its liquidity and funding requirements for at least the next 12 months. On 1 November 2022, Vanquis Bank received notice from the PRA that it has approved its application for a Core UK Group large exposure waiver which enables Vanquis Bank to use its retail deposit funding to lend to its sister subsidiary, Moneybarn No.1 Limited, the Group's vehicle finance subsidiary, with immediate effect. This enables the transition to a traditional bank funding model in which the Group maintains access to diversified sources of funding comprising: (i) retail deposits; (ii) securitisation of the cards and vehicle finance books; (iii) liquidity and funding facilities at the Bank of England; and (iv) access to wholesale market funding and debt capital via its EMTN programme. The Group will continue to explore further funding options as appropriate including, but not limited to, further diversifying the retail deposit funding mix through more cost-effective behaviouralised deposits and ISAs, and further securitisation issuance in the private or public markets.

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 that a financial instrument's fair value or future cash flows will fluctuate because of changes in market prices. The Group's exposure to market risk is primarily through interest rate risk. These exposures arise solely through the Group's duration mismatches between its lending and funding activities. 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 nor the Company does so.

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 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.

Day-to-day management of interest rate risk is the responsibility of the Group's Treasury function, with control and oversight provided by the Asset Liability Committee (ALCO) and is governed by Group Board-approved risk appetite limits and policies.

The Group seeks to minimise the net exposure to changes in interest rates and takes a prudent approach to its risk management. This is achieved through a combination of (i) matching the structure of assets and liabilities naturally where possible; (ii) issuing fixed-rate debt; and (iii) using 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 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.

NOTES TO THE FINANCIAL STATEMENTS

1 Revenue

	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Interest received from other Group companies	43.7	54.6
Dividend income received	95.1	85.0
Total revenue	138.8	139.6

2 Finance costs

	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Interest payable to other Group companies	74.6	67.2
Total finance costs	74.6	67.2

3 Profit/(loss) before taxation

	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Profit/(loss) before taxation is stated after charging:		
Impairment of investment in subsidiaries	-	114.7
Impairment of loans to subsidiary companies	12.1	238.8

Auditor's remuneration to Deloitte LLP in respect of the audit of the financial statements was £0.1m (2021: £0.1m). Auditor's remuneration to Deloitte LLP in respect of other services was £nil (2021: £nil).

The Company has no employees. The emoluments of the directors for services to the company during 2022 were £nil (2021: £nil). The emoluments of the directors are borne by the parent company.

4 Taxation

Tax credit in the income statement	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Current tax		
- UK	7.7	2.4
Total current tax credit	7.7	2.4

In 2021, changes were 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 (2021: none) and so there is no impact in the current or prior period from this change.

The rate of tax credit on the profit before taxation for the year is lower than (2021: lower than) the average standard rate of corporation tax in the UK of 19% (2021: 19%). This can be reconciled as follows:

4 Taxation (continued)

	Year ended 31 December 2022	Period ended 31 December 2021
	£m	£m
Profit/(loss) before taxation	52.1	(281.2)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021:19%):	(9.9)	53.4
Effect of:		
- adjustment in respect of non-taxable dividends	18.1	16.2
- adjustment in respect of non-deductible impairment of investment	-	(21.8)
- adjustment in respect of non-deductible impairment of subsidiary company loans	(2.3)	(45.4)
- adjustment in respect of prior years	1.8	-
Total tax credit	7.7	2.4

At 31 December 2022, the Company had no (2021: no) deductible temporary differences nor carried forward tax losses on which a deferred tax asset was not provided.

5 Investment in subsidiaries

	Total
	£m
Cost	
At 31 December 2021	1,696.6
Additions	50.0
At 31 December 2022	1,746.6
Accumulated impairment	
At 31 December 2021	(114.7)
Charged to the statement of comprehensive income	-
At 31 December 2022	(114.7)
Carrying value of investments at 31 December 2021	**1,581.9**
Carrying value of investments at 31 December 2022	**1,631.9**

On 30 June 2022, the Company purchased an additional 100 ‘B’ Ordinary shares of 1p each in its subsidiary undertaking, Duncton Group Limited for a price of £0.5m per share. The purchase price of these shares have been recognised as an addition to its investment in Duncton Group Limited. Duncton Group Limited remains a 100% owned subsidiary of the Company.

In December 2020, the Company acquired a number of the key operating subsidiaries from Vanquis Banking Group plc. Vanquis Bank Limited was acquired in exchange for £50.0m left outstanding on an intercompany account as well as ordinary shares issued at a premium. Duncton Group (Moneybarn sub-group) and N & N Simple Financial Solutions Limited (Cheque Exchange sub-group) were acquired for ordinary shares issued at a premium.

The CCD subgroup was transferred for a consideration equal to the investment carrying value in Vanquis Banking Group plc which was left outstanding as an intercompany loan.

The Company reviews the carrying value of its investments in subsidiaries at each balance sheet date. The carrying value is assessed against its value in use cash flow forecast.

5 Investments in subsidiaries (continued)

IAS 36 requires the future value in use to be assessed over the useful remaining life of the asset. Board-approved budgets are projected out for a minimum of five years from the balance sheet date, these are then discounted back to a net present value based on a credit risk-adjusted discount rate of 11%. Subsequent to this, the cash flows are projected into perpetuity.

Any difference between the carrying value of the investments and either the net assets or cash flow forecasts are booked as an impairment charge in the income statement. The impairment provision is subsequently released when the assets increase or the cash flow forecasts support a higher valuation.

The Company's investment in Vanquis Bank Limited is significantly in excess of the carrying value of the investment, and therefore management do not consider that any reasonably possible scenarios effecting the value in use of the investment would result in any impairment to its value in use.

The Company's investment in Duncton Group Limited is assessed through calculating the value in use of its main indirect trading subsidiary, Moneybarn No1 Limited. The value in use of Duncton Group is in excess of its carrying value, management have provided the following sensitivity applying a reasonably possible scenario and the resulting effect on the subsidiary's value in use.

If the discount rate were to differ by 1%, the valuation would change by £56m, therefore in isolation this could lead to an impairment, however it is reasonably possible to assume that favourable movements in other assumptions could offset this.

Despite the sensitivity of the discount rate input in the value in use of the investment, management consider that the estimates taken in the value in use model are reasonable and conservative based on their best estimates and knowledge of the business and as such considering the headroom on the investment conclude that no impairment exists.

Following this impairment assessment, an impairment provision of £nil (2021: £114.7m) has been recognised in the year. In 2021 the CCD sub-group was fully impaired (£114.3m) and a provision of (£0.4m) recognised in relation to the Cheque Exchange sub-group.

6 Trade and other receivables

	Note	2022 £m	2021 £m
Amounts owed by fellow subsidiary undertakings	10	550.8	595.5
Total trade and other receivables		550.8	595.5

There are no amounts past due in respect of trade and other receivables due in less than one year.

In December 2020, Vanquis Banking Group plc and certain other subsidiaries novated various loan receivables due from other group companies to the Company in exchange for the issue of equivalent loans.

Amounts owed by fellow subsidiary undertakings are unsecured, repayable on demand or within one year and generally accrue interest at rates linked to the monthly weighted average cost of funds of the ultimate parent undertaking plus a margin.

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 an impairment provision of £250.9m (2021: £238.8m) is held against amounts owed from subsidiaries due in less than one year.

7 Trade and other payables

	Note	2022 £m	2021 £m
Amounts owed to fellow subsidiary undertakings	10	272.8	269.5
Amounts owed to ultimate parent company	10	776.9	739.6
Accruals		0.1	0.1
Total trade and other payables		1,049.8	1,009.2

In December 2020, Vanquis Banking Group plc transferred various investments to the Company, some of which took place wholly or partly for consideration left outstanding on an intercompany account. In addition, Vanquis Banking Group plc and certain other subsidiaries novated various loan receivables due from other group companies to the Company in exchange for the issue of equivalent loans.

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:

2022

	Amortised cost £m	**Non-financial assets/liabilities £m**	**Total £m**
Assets			
Trade and other receivables	550.8	-	550.8
Investment in subsidiaries	-	1,631.9	1,631.9
Total assets	550.8	1,631.9	2,182.7
Liabilities			
Trade and other payables	1,049.8	-	1,049.8
Total liabilities	1,049.8	-	1,049.8

2021

	Amortised cost £m	**Non-financial assets/liabilities £m**	**Total £m**
Assets			
Trade and other receivables	595.5	-	595.5
Investment in subsidiaries	-	1,581.9	1,581.9
Total assets	595.5	1,581.9	2,177.4
Liabilities			
Trade and other payables	1,009.2	-	1,009.2
Total liabilities	1,009.2	-	1,009.2

9 Share capital

Issued and fully paid		2022	2021
Ordinary shares of £1 each	- £	7	7
	- number	7	7

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

10 Related Party transactions

Details of the transactions between the Company and other Group undertakings, which comprise interest charges or credits on intra-Group balances, along with impairment adjustments made on any balances outstanding at 31 December 2022 are as set out below:

			Year ended December 2022
	Interest income	**Interest charge**	**Outstanding balance**
	£m	**£m**	**£m**
Vanquis Banking Group Plc	9.0	65.6	(776.9)
Moneybarn No 1 Limited	33.8	9.0	230.2
Provident Personal Credit Limited	-	-	250.9
Vanquis Bank Limited	-	-	5.5
PFG Corporate Services Limited	0.9	-	42.3
Total	43.7	74.6	(248.0)

			Period ended December 2021
	Interest income	**Interest charge**	**Outstanding balance**
	£m	**£m**	**£m**
Vanquis Banking Group Plc	7.3	60.0	(739.6)
Moneybarn No 1 Limited	37.2	7.2	305.0
Provident Personal Credit Limited	9.7	-	238.8
Vanquis Bank Limited	-	-	2.4
PFG Corporate Services Limited	0.4	-	18.6
Total	54.6	67.2	(174.8)

The outstanding balance for Provident Personal Credit Limited is gross of an impairment provision of £250.9m (2021: £238.8m).

The Company received £95.1m (2021: £85.0m) in dividend income from Vanquis Bank Limited and declared a dividend of £95.1m (2021: £85.0m) to Vanquis Banking Group plc during the year.

The directors believe that all related party transactions are on an arm's length basis.

11 Reconciliation of profit/(loss) after tax to cash generated from operations

	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Profit/(loss) after tax	59.8	(278.8)
Adjusted for:		
- tax credit	(7.7)	(2.4)
- interest income	(43.7)	(54.6)
- dividends received	(95.1)	(85.0)
- interest paid	74.6	67.2
- impairment in investments	-	114.7
- impairment in loans to subsidiary companies	12.1	238.8
Changes in operating assets and liabilities:		
- trade and other receivables	32.6	(834.3)
- trade and other payables	(32.6)	834.4
Cash generated from operating activities	-	-

12 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 £164.5m (2021: £254.5m). At 31 December 2022, the borrowings amounted to £164.7m (2021: £194.0m).

13 Parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Vanquis Banking Group plc, which is the smallest and largest group to consolidate these financial statements. Copies of that company's consolidated financial statements may be obtained from the Company Secretary, Vanquis Banking Group plc, No.1 Godwin Street, Bradford, BD1 2SU, and are also publicly available.

14 Post balance sheet event

On 7th August 2023, Provident Financial Holdings Limited acquired USnoop Limited ("Snoop") through the purchase of a 100% of its share capital.