Loans.co.uk Limited

Annual report and accounts
for the year ended 31 December 2018

Registered office

Cawley House
Chester Business Park
Chester
CH4 9FB

Registered number

03391635

Current directors

E J Corfield
S K Humphreys
B R Yates

Company Secretary

A E Mulholland

Member of Lloyds Banking Group Plc

Directors' report

For the year ended 31 December 2018

The directors present their report and the audited financial statements of Loans.co.uk Limited ("the Company") for the year ended 31 December 2018.

General information

The Company is a limited company incorporated and domiciled in England and Wales (registered number: 03391635).

The principal activity of the Company was that of a personal loan broker. The Company permanently ceased trading in January 2009. The Company has continued to process Payment Protection Insurance ("PPI") complaints and as at 31 December 2018 held a provision of £3.5 million (2017: £6.5 million), as detailed in note 11.

On 1 June 2017, Lloyds Banking plc aquired 100% of the issued shared capital of the Company's parent company, MBNA Limited. Following the acquisition the Company was aligned to Group policies and practicies, including adopting Group financial statement presentation.

The Company is funded entirely by other companies within the Lloyds Banking Group ("the Group").

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 14 to the financial statements.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. KPIs are monitored and reported at a divisional level.

Future outlook

The Company is part of the wider Lloyds Banking Group, and, at that level, consideration of many of the potential implications following the UK's vote to leave the European Union ("EU") has been undertaken. Work continues to assess the impact of EU exit at the level of the Lloyds Banking Group, as well as for the Company, upon customers, colleagues and products. This assessment includes all legal, regulatory, tax, finance and capital implications.

Dividends

No dividends were paid or proposed during the year ended 31 December 2018 (2017: £nil).

Going concern

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Directors

The current directors of the Company are shown on the front cover.

The following change has taken place between the beginning of the reporting period and the approval of the Annual report and accounts:

P F Henderson (resigned 2 November 2018)

Directors' indemnities

Lloyds Banking Group plc has granted to the directors of the Company a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements. Directors no longer in office but who served on the board of the Company at any time in the financial year have the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of the directors' periods of office. The deed indemnifies the directors to the maximum extent permitted by law. Deeds for existing directors are available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

Directors' report (continued)

For the year ended 31 December 2018

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Directors confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have 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 auditors are aware of that information.

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with section 414 of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:

B R Yates
Director
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Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	**2018 £'000**	2017 £'000
Interest income	3	**73**	34
Other operating expenses	4	**(41)**	(78)
Profit/(loss) before tax		**32**	(44)
Taxation	7	**(12)**	-
Profit/(loss) for the year		**20**	(44)
Profit/(loss) for the year being total comprehensive income/(expense)		**20**	(44)

The accompanying notes to the financial statements are an integral part of these financial statements.

Balance sheet

As at 31 December 2018

	Note	**2018**	2017
		£'000	£'000
ASSETS			
Cash and cash equivalents	8	**24**	90
Trade and other receivables	9	**9,997**	12,815
Total assets		**10,021**	12,905
LIABILITIES			
Trade and other payables	10	**81**	29
Provision for liabilities and charges	11	**3,542**	6,510
Current tax liability		**403**	391
Total liabilities		**4,026**	6,930
EQUITY			
Share capital	12	**165,000**	165,000
Retained earnings		**(159,005)**	(159,025)
Total equity		**5,995**	5,975
Total equity and liabilities		**10,021**	12,905

The accompanying notes to the financial statements are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:

B R Yates
Director
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Statement of changes in equity

For the year ended 31 December 2018

	Share capital	Accumulated losses	Total equity
	£'000	£'000	£'000
At 1 January 2017	165,000	(158,981)	6,019
Loss for the year being total comprehensive expense	-	(44)	(44)
At 31 December 2017	**165,000**	**(159,025)**	**5,975**
Profit for the year being total comprehensive income	-	20	20
At 31 December 2018	**165,000**	**(159,005)**	**5,995**

The accompanying notes to the financial statements are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2018

	2018 £'000	Restated 2017 £'000
Cash flows used in operating activities		
Profit/(loss) before tax	**32**	(44)
Adjustments for:		
- Decrease in Provision for liabilities and charges	**(2,968)**	(2,902)
Changes in operating assets and liabilities:		
- Net increase/(decrease) in Trade and other payables	**52**	(75)
Cash used in operations	**(2,884)**	(3,021)
Net cash used in operating activities	**(2,884)**	(3,021)
Cash flows generated from financing activities		
Proceeds from net lending to group undertakings	**2,818**	2,966
Net cash generated from financing activities	**2,818**	2,966
Change in Cash and cash equivalents	**(66)**	(55)
Cash and cash equivalents at beginning of year	**90**	145
Cash and cash equivalents at end of year	**24**	90

2017 comparatives have been restated to align to Group presentation of financial statements (see note 18).

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2018

1. Accounting policies

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both years presented, unless otherwise stated.

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and its predecessor body.

The following new IFRS pronouncements relevant to the Company have been adopted in these financial statements:

(i) IFRS 9 'Financial Instruments': Annual improvement to IFRSs (issued December 2016) - Replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. IFRS 9 also replaces the existing 'incurred loss' impairment approach with an expected credit loss approach. The hedge accounting requirements of IFRS 9 are more closely aligned with risk management practices and follow a more principle based approach than IAS 39.

The application of this pronouncement has not had any impact for amounts recognised in these financial statements.

There are no new pronouncements relevant to the Company requiring adoption.

The financial statements have been prepared on a going concern basis as detailed in the Directors' report and under the historical cost convention.

1.2 Income recognition

Interest income

Interest income and expense are recognised in the Income Statement for all interest-bearing financial instruments, using the effective interest method where it can be reliably estimated and recognised on a cash basis where it cannot be reliably measured. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

1.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings and Cash and cash equivalents. Financial liabilities comprise Provision for liabilities and charges and Trade and other payables.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired.

Interest bearing financial assets and financial liabilities are recognised and measured at amortised cost inclusive of transaction costs, using the effective interest rate method.

1.4 Cash and cash equivalents

For the purposes of the Balance sheet and Cash flow statement, Cash and cash equivalents and Bank overdrafts comprise balances with less than three months' maturity.

1. Accounting policies (continued)

1.5 Taxation

Tax expense comprises current tax. Current tax is charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the income statement (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the Balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the Balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1.6 Provision for liabilities and charges

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

2. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

In the course of preparing these financial statements, no critical judgements have been made in the process of applying the Company's accounting policies.

Payment Protection Insurance

At 31 December 2018, the Company carried a provision of £3,500,000 (2017: £6,500,000) against the cost of making redress payments to customers and the related administration costs in relation to the misselling of Payment Protection Insurance ("PPI"). Determining the amount of the provision, which represent management's best estimate of the cost of settling these issues, requires the exercise of significant judgement. It will often be necessary to form a view on matters which are inherently uncertain, such as the number of future complaints, the extent to which they will be upheld and the average cost of redress. Consequently the continued appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence and adjustments made to the provisions where appropriate.

3. Interest income

	2018 **£'000**	2017 £'000
Group interest income (see note 13)	**73**	34

4. Other operating expenses

	2018 **£'000**	2017 £'000
Other operating expenses	**41**	78

Fees payable to the Company's auditors for the audit of the financial statements of £16,000 (2017: £16,000) have been borne by a fellow group company and are not recharged to the Company. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

Notes to the financial statements (continued)
For the year ended 31 December 2018

5. Staff costs

The Company did not have any employees during the year (2017: none) and incurred no staff costs (2017: £nil).

6. Directors' emoluments

No director received any fees or emoluments from the Company during the year (2017: £nil). The directors are employed by other companies within the Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 13).

7. Taxation

	2018 £'000	2017 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	**12**	-
Current tax charge	**12**	-

b) Factors affecting the tax charge for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax charge for the year is given below:

	2018 £'000	2017 £'000
Profit/(loss) before tax	**32**	(44)
Tax charge/(credit) thereon at UK corporation tax rate of 19.00% (2017: 19.25%)	**6**	(8)
Factors affecting charge/(credit):		
- Unrelieved tax losses carried forward	**(2)**	8
- Disallowed and non-taxable items	**8**	-
Tax charge on profit/(loss) on ordinary activities	**12**	-

Corporation tax is calculated at a rate of 19.00% (2017: 19.25%) of the taxable profit for the year.

As at 31 December 2018 the company had an unrecognised deferred tax asset of £25.8 million (2017: £25.8 million) representing the unrelieved post cessation trading losses carried forward and a provision related to operations terminated in prior years. The Company did not recognise the deferred tax asset because the future assessable income is not expected to be sufficient to enable the losses to be utilised.

8. Cash and cash equivalents

Cash and cash equivalents for the purposes of the Cash flow statement include the following:

	2018 £'000	2017 £'000
Cash at bank	**24**	90

9. Trade and other receivables

	2018 £'000	2017 £'000
Amounts due from group undertakings (see note 13)	**9,997**	12,815

Amounts due from group undertakings is unsecured, interest bearing and repayable on demand.

10. Trade and other payables

	2018 £'000	2017 £'000
Accruals and deferred income	**81**	29

11. Provision for liabilities and charges

	Regulatory Provision £'000
At 1 January 2017	9,412
Utilised during the year	(2,902)
At 31 December 2017	6,510
Charge for the year	-
Reversal of unused provision	21
Utilised during the year	(2,989)
At 31 December 2018	**3,542**

The regulatory provision comprises £3.5 million (2017: £6.5 million) in respect of PPI redress in the UK.

As described in note 2, an assessment has been made of the potential future transfer of economic benefits from claims made against the Company in relation to PPI. The provision represents an estimate of the likely future outflows to settle claims against the Company.

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated. An assessment has been made of the potential future transfer of economic benefits from claims made against the Company in relation to conduct risk.

The provision calculation assumes 1,200 (2017: 1,650) future complaints. An additional 1,000 complaints (2017: 1,000) above this level would increase the provision by £2.3 million (2017: 3.4 million).

12. Share capital

	2018 £'000	2017 £'000
Allotted, issued and fully paid		
165,000,100 ordinary shares of £1 each	**165,000**	165,000

All ordinary shares rank pari passu in all respects including the right to receive all dividends and other distributions declared, made or paid on the ordinary share capital of the Company.

13. Related party transactions

The Company is controlled by MBNA Limited. A number of transactions are entered into with MBNA Limited in the normal course of business. A summary of the outstanding balances at the year end and the related income for the year are set out below.

	2018 £'000	2017 £'000
Amounts due from group undertakings		
MBNA Limited	**9,997**	12,815
Total Amounts due from group undertakings (see note 9)	**9,997**	12,815

Notes to the financial statements (continued)

For the year ended 31 December 2018

13. Related party transactions (continued)

	2018 £'000	2017 £'000
Interest income		
MBNA Limited	73	34
Total Interest income (see note 3)	73	34

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management is comprised of the directors of the Company and MBNA Limited. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

14. Financial risk management

The Company's operations expose it to credit risk, liquidity risk and interest rate risk; it is not exposed to any significant foreign exchange risk, market risk or business risk. Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by MBNA Limited, and the ultimate parent, Lloyds Banking Group plc. A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.

14.1 Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The directors consider the credit risk associated with the amount due from parent undertaking to be negligible.

14.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. To manage this risk extensive borrowing facilities are available from within the Group.

Liquidity risks are managed as part of the Group by an intermediate parent company, MBNA Limited, in consultation with the board of directors. Monthly reviews of funding positions are undertaken to anticipate any shortfalls.

14.3 Interest rate risk

Interest rate risk is the risk of financial loss as a result of adverse movements in interest rates.

Interest rate risk - sensitivity analysis

The sensitivity analysis is based on the Company's Amounts due from group undertakings and takes account of movement in the 3 month LIBOR which is the basis for the interest rate on intercompany balances. A 0.34% (2017: 0.09%) increase or decrease is used to assess the possible change in Interest income. This rate is appropriate as it is the amount by which the 3 month LIBOR moved in the year.

If the 3 month LIBOR increased by 0.34% (2017: 0.09%) and all other variables remain constant this would increase Interest income by £39,000 (2017: £12,000) and accordingly decrease Interest income by £39,000 (2017: £12,000) if the 3 month LIBOR decreased by the same amount.

14.4 Fair values of financial assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and the fair value.

15. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and advises the board of directors. In order to maintain or adjust the capital structure, the board of directors may return capital to shareholders, issue new shares, or sell assets.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

16. Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the Balance sheet date (2017: £nil).

17. Post balance sheet events

There are no post balance sheet events requiring disclosure in these financial statements.

18. Restatement of comparatives

The 2017 comparatives have been restated in the Cash flow statement to bring the presentation into line for consistency with the presentation of other entity financial statements in the Retail Division. The Retail Division is a portfolio of businesses and operates in a number of specialist markets providing both consumer lending and contract hire to personal and corporate customers. The two items that have been restated are discussed in detail below.

The first restatement relates to movements in Amounts due from group undertakings, which were previously reflected within Cash used in operating activities. To bring the presentation into line with other Retail Division entity financial statements, the movement is now shown within the same line as movements in Amounts owed to group undertakings, under Cash generated from financing activities, to reflect the cash flow on the net lending to group undertakings for the Company.

The second restatement relates to the adjustment within Cash used in operating activites to add back the interest income and to reflect the cash flow within Cash generated from financing activities. Interest income from group undertakings is reflected within operating activities for other Retail Division companies, which means no adjustment to add back the interest income is made in the 2017 comparatives, resulting in Interest income now being reflected within Cash generated from operating activities rather than Cash generated from financing activities.

The reclassifications have had £nil impact on the profit before or after tax, £nil impact on net assets and has decreased Cash used in operating activities as previously reported by £2,932,000 and increased Cash generated in financing activities as previously reported by the same amount.

19. Ultimate parent undertaking and controlling party

The immediate parent company is MBNA Limited (Incorporated in England & Wales). The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Lloyds Bank plc is the parent undertaking of the smallest such group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via www.lloydsbankinggroup.com.

Independent Auditors' report to the members of Loans.co.uk Limited

Report on the audit of the financial statements

Opinion

In our opinion, Loans.co.uk Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and accounts for the year ended 31 December 2018 (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2018; the Statement of Comprehensive Income, the Cash flow statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- *the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about* the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on these responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Independent Auditors' report to the members of Loans.co.uk Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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Daniel Brydon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

16 April 2019