IPF Investments Polska Sp. z o.o.
Financial Statements
in accordance with International Financial Reporting Standards
as at and for the year ended 31 December 2019

Approval of the Financial Statements

The accompanying Financial Statements of IPF Investments Polska Sp. z o.o. comprising statement of comprehensive income for the year ended 31 December 2019, statement of financial position as at 31 December 2019, statement of changes in equity for the year ended 31 December 2019, statement of cash flows for the year ended 31 December 2019 and notes to the Financial Statements, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and are presented in the following order:

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We hereby approve the Financial Statements of IPF Investments Polska Sp. z o. o. for the year ended 31 December 2019.

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Piotr Cybulski

Board Member

Warsaw, 20 April 2020

Statement of comprehensive income

For the year ended 31 December	Notes	2019 PLN	2018 PLN
Interest revenue	5	12 283 274,41	12 289 554,03
Total income		**12 283 274,41**	**12 289 554,03**
Finance costs	6	(12 079 412,29)	(12 086 353,94)
Operating costs, including:	7	(37 287,89)	(108 798,35)
- Impairment on receivables from loans	7	64 102,81	(4 025,35)
Total costs		**(12 116 700,18)**	**(12 195 152,29)**
Profit before income tax		**166 574,23**	**94 401,74**
Income tax expense	8	(31 648,53)	(17 937,18)
Net profit for the year		**134 925,70**	**76 464,56**
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive income		**134 925,70**	**76 464,56**

Statement of financial position

As at 31 December	Notes	2019 PLN	2018 PLN
ASSETS			
Non-current assets			
Receivables from loans	9	-	199 721 670,00
Deferred tax asset	13	43 269,10	55 225,63
		43 269,10	**199 776 895,63**
Current assets			
Receivables from loans	9	200 713 765,31	928 816,91
Cash and cash equivalents	10	498 236,12	419 875,20
		201 212 001,43	**1 348 692,11**
Total assets		**201 255 270,53**	**201 125 587,74**
LIABILITIES			
Current liabilities			
Debt securities in issue	11	200 914 509,78	915 097,49
Trade and other payables	12	26 982,80	26 048,00
Current income tax liabilities		6 495,00	12 085,00
		200 947 987,58	**953 230,49**
Non-current liabilities			
Debt securities in issue	11	-	200 000 000,00
		-	**200 000 000,00**
Total liabilities		**200 947 987,58**	**200 953 230,49**
EQUITY			
Called up share capital	14	45 000,00	45 000,00
Retained earnings	15	262 282,95	127 357,25
Total equity		**307 282,95**	**172 357,25**
Total equity and liabilities		**201 255 270,53**	**201 125 587,74**

Statement of changes in equity

	Called up share capital PLN	Retained earnings PLN	Total equity PLN
At 1 January 2019	**45 000,00**	**127 357,25**	**172 357,25**
Net profit for the year	-	134 925,70	134 925,70
At 31 December 2019	**45 000,00**	**262 282,95**	**307 282,95**

	Called up share capital PLN	Retained earnings PLN	Total equity PLN
At 1 January 2018	**45 000,00**	**274 127,91**	**319 127,91**
Impact from IFRS 9 implementation (incl. income tax effect)	-	(223 235,22)	(223 235,22)
At 1 January 2018 (restated)	**45 000,00**	**50 892,69**	**95 892,69**
Net profit for the year	-	76 464,56	76 464,56
At 31 December 2018	**45 000,00**	**127 357,25**	**172 357,25**

Statement of cash flows

For the year ended 31 of December	Notes	2019 PLN	2018 PLN
Profit before income tax		**166 574,23**	**94 401,74**
Adjusted for:		**(262 931,31)**	**(191 046,13)**
Finance costs	6	12 079 412,29	12 086 353,94
Interest revenue on granted loans	5	(12 279 175,59)	(12 286 132,92)
Increase/(decrease) in current liabilities, excluding bank and other borrowings		934,80	4 707,50
Impairment on receivables from loans	7	(64 102,81)	4 025,35
Income tax paid		(25 282,00)	(19 557,00)
Interest received on granted loans		12 280 000,00	12 290 000,00
Net cash inflow/(outflow) from operating activities		**12 158 360,92**	**12 173 798,61**
Net cash inflow/(outflow) from investing activities		**-**	**-**
Cash flow from financing activities			
Cash inflows:		**-**	**-**
New debt securities issue		-	-
Cash outflows:		**(12 080 000,00)**	**(12 090 000,00)**
Interest paid		(12 080 000,00)	(12 090 000,00)
Net cash inflow/(outflow) from financing activities		**(12 080 000,00)**	**(12 090 000,00)**
Net increase/(decrease) in cash and cash equivalents		**78 360,92**	**83 798,61**
Cash and cash equivalents at the beginning of the period	**10**	**419 875,20**	**336 076,59**
Cash and cash equivalents at the end of the period	**10**	**498 236,12**	**419 875,20**

Notes to the Financial Statements

1. General information

IPF Investments Polska Sp. z o. o. ("the Company") is incorporated in the Republic of Poland. The address of the Company's registered office is ul. Inflancka 4A, Warsaw.

IPF Investments Polska Sp. z o. o. was established on 8 December 2009. On 21 December 2009 the Company was entered into the Register of Entrepreneurs kept by the Business Department of the National Court Register at the District Court in Warsaw, XII Commercial Division of the National Court Registry, under number KRS 0000344995.

The Company was formed as a special purpose entity for the purpose of raising funds mainly from commercial bonds issue and provision of finance to entities owned by International Personal Finance plc ("IPF plc" – a UK-based entity listed on London Stock Exchange and Warsaw Stock Exchange/ together called "the Group") to finance their lending business.

As stated in the Company's Memorandum of Association, the Company's operation period is indefinite.

The following persons served as members of the Management Board as at the date of approval of these Financial Statements:

Alicja Kopeć	Member since 8 December 2009
Maciej Mikucki	Member since 18 May 2018
Piotr Cybulski	Member since 18 May 2018

During the reporting period and till the date of authorisation of these Financial Statements there were the following changes in the Management Board composition:

- on 27 March 2019, effective from 29 March 2019, John Dahlgreen resigned from the position of the Management Board Member, which he held since 8 December 2009.

2. Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), and in the areas not covered by the above standards - in accordance with the requirements of the Accounting Act of 29 September 1994 with further amendments (Journal of laws 2019 pos. 351– "the Accounting Act") and ordinances issued on the basis of thereof and other applicable laws.

In accordance with the Accounting Act IPF Investments Polska Sp. z o.o. as the subsidiary of an entity listed in the European Economic Area, International Personal Finance plc, preparing its consolidated financial statements in accordance with IFRS, may prepare the financial statements in accordance with IFRS, as adopted by the EU.

The maturity of the bonds held by the Company and the repayment date of the loan granted to a related entity are due to June 2020. As at the date of authorisation of these Financial Statements, the Company does not yet have specific plans to obtain new external financing. Nevertheless, the intention of the Management Board and the owner of the Company is to maintain the Company for at least 12 months from the balance sheet date for the purpose for which it was established. The level of cash accumulated by the Company in the process of its current operations ensures the settlement of current liabilities, therefore the Management Board does not recognise the risk of the Company's lack of liquidity in the foreseeable future.

In view of the above, and Management's opinion regarding the impact of the COVID-19 pandemic on the Company's situation described in Note 21, the Financial Statements have been prepared based on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. within 12 months of the balance sheet date.

The Financial Statements have been prepared under the historical cost convention.

The Financial Statements cover 12 month period ended 31 December 2019, comparative data cover 12 month period ended 31 December 2018.

2. Basis of preparation (continued)

Standards and Interpretations effective for the first time in 2019

The following standards, interpretations, amendments, improvements and clarifications to the standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the first time for financial reporting periods commencing on or after 1 January 2019:

- IFRS 16 *Leases* (issued on 13 January 2016),
- Annual Improvements to IFRS 2015-2017 Cycle (issued on 12 December 2017),
- Amendments to IAS 19 *Plan Amendment, Curtail or Settlement* (issued on 7 February 2018),
- Amendments to IAS 28 *Long-term Interest in Associates and Joint Ventures* (issued on 12 October 2017),
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (issued on 12 October 2017),
- IFRIC 23 *Uncertainty over Income Tax Treatments* (issued on 7 June 2017).

The application of the new standards, interpretations and amendments to the standards listed above had no material impact on the Company's financial position, performance and the scope of information presented in the Company's Financial Statements.

Standards and Interpretations issued but not yet effective

The Company did not early adopt any of the following standards and amendments to the existing standards, which were issued by IASB but are not yet effective:

- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) - effective for financial years beginning on or after 1 January 2021 – not yet endorsed by EU till the date of approval these Financial Statements,
- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform* (issued on 26 September 2019) - effective for financial years beginning on or after 1 January 2020,
- Amendments to IAS 1 and IAS 8 *Definition of Material* (issued on 31 October 2018) - effective for financial years beginning on or after 1 January 2020,
- Amendments to *References to the Conceptual Framework in IFRS Standards* (issued on 29 March 2018) - effective for financial years beginning on or after 1 January 2020,
- Amendments to IFRS 3 *Business Combinations* (issued on 22 October 2018) - effective for financial years beginning on or after 1 January 2020 – not yet endorsed by EU till the date of approval these Financial Statements,
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (issued on 23 January 2020) – not yet endorsed by EU till the date of approval these Financial Statements and not announced for which financial years will be effective.

As at the date of authorisation of these Financial Statements the Management is in progress of analysing the impact of the above new standards and amendments to the existing standards on the Company's accounting policies.

Implementation of IFRS 16 *Leases*

The Company applied IFRS 16 *Leases* (IFRS 16) for the first time for the year ending 31 December 2019. For contracts classified as operating lease under IAS 17 *Leases* the Company used the available transition expedients and simplifications included in the standard, among others for not restating the comparatives and exclusion of short term leases.

As at 31 December 2018 the Company was party of operating lease agreement relating to office space rental (as disclosed in Note 19). The agreement meets the definition of a lease according to IFRS 16, however due to lease term was classified as short-term lease and payments under this agreement are recognised in the statement of comprehensive income as operating expenses on a straight-line basis.

2. Basis of preparation (continued)

Therefore, the implementation of the new standard to this agreement as at 1 January 2019 had no material impact on the Company's financial position.

Implementation of IFRIC 23 *Uncertainty over Income Tax Treatments*

The Company applied IFRIC 23 *Uncertainty over Income Tax Treatments* for the first time for the year ended 31 December 2019. The interpretation explains how the requirements for recognition and measurement set in IAS 12 *Income tax* should be applied when there is uncertainty whether the tax authority will accept the entity's treatment of a transaction in respect of income tax. The Company defines 'probable' as 'more likely than not'. The application of IFRIC 23 had no impact on the Company's financial position.

3. Accounting policies

Interest revenue

Interest revenue comprises interest revenue on cash and cash equivalents and interest revenue on loans granted. Interest revenue is recognised on an accrual basis using the effective interest rate (EIR). The EIR is the rate that discounts estimated cash flows from contractual payments adjusted for historical information about actual repayments in a particular period. Directly attributable incremental costs and fees related to granting the loan are also taken into account when calculating the EIR.

Finance costs

Finance costs comprise the interest on debt securities in issue (including arrangement and directly attributable issue fees) and are recognised on accrual basis using the effective interest rate method.

Operating expenses

Operating costs include mainly costs of services provided to the Company by external providers and are recognised in the period to which they relate.

Due to applied exemption described in IFRS 16 for short-term leases, payments related to Company's office space rental agreement (concluded for an indefinite period with the contract enforceability period being a notice period of less than 12 months) are recognised in the statement of comprehensive income as operating expenses on a straight-line basis.

Income tax expense

The income tax expense represents the current income tax charge including changes in deferred tax liability/asset, except for income tax on items recognised in other comprehensive income or on equity positions.

Current income tax

The current corporate income tax is determined based on relevant income tax regulations, using tax rates enacted as at the balance sheet date, computed as the tax payable on the taxable income for the year, including any adjustment to tax payable in respect of previous years, if applicable.

Deferred income tax

The Company accounts for deferred income tax liability/asset using the balance sheet liability method on temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

3. Accounting policies (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Receivables from loans

Company's present business model consisting in provision of finance (loans) for related parties from the Group in order to receive contractual cash flows. All receivables from loans are initially recognised at the fair value amount adjusted by directly attributable incremental costs and fees. Based on Company's business model after initial recognition, the receivables are subsequently measured at amortised cost decreased by impairment. Amortised cost is the amount of loan receivable at initial recognition less repayments, plus revenue earned calculated using the EIR.

Interest revenue on impaired loans (stage 3) is calculated by applying the original EIR to the impaired balance.

Impairment

When it comes to the recognition of impairment the Company distinguishes 3 stages: stage 1 for financial assets for which the credit risk has not significantly increased since initial recognition, stage 2 for financial assets for which the credit risk has increased significantly since initial recognition and stage 3 with credit impaired financial assets.

When determining whether the risk of default has increased significantly since initial recognition, the Company considers both quantitative and qualitative information based on the Company's historical data. In addition, as a backstop, the Company considers that a significant increase in credit risk occurs when an asset is more than 30 days past due. Financial instruments are moved back to stage 1 once they no longer meet the criteria for a significant increase in credit risk.

Estimates of expected credit losses, and so the impairment, are based among others on the following parameters: PD – probability of default, EAD – exposure at default and LGD – loss given default. When calculating the impairment in accordance with IFRS 9, the Company uses available historical values of those parameters for similar instruments.

Impairment losses are charged to the statement of comprehensive income to operational costs position.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less held for the purpose of meeting short-term cash commitments.

Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently as a principal rule, at amortised cost using the effective interest method less impairment.

In case the time value of money is insignificant, other short-term receivables are measured in the amount due, less impairment.

Debt securities in issue

Debt securities in issue are recognised initially at fair value, being their issue proceeds, net of any transaction costs incurred. Debt securities in issue are subsequently stated at amortised cost. The difference between the initial amount (decreased by transaction costs) and the redemption value is recognised in the statement of comprehensive income as finance cost over the expected life of the borrowings using the effective interest rate.

3. Accounting policies (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured, as a principal rule, at amortised cost using the effective interest rate method.

In case the time value of money is insignificant, trade and other payables are measured in the amount due.

Financial instruments

Classification of financial instruments

The Company classifies the financial instruments to the following categories: financial assets/ liabilities at fair value through profit or loss, financial assets valuated at amortised cost, other financial liabilities and derivatives designated as hedging instruments in effective hedging transactions. The classification of financial instruments is performed at the date of their initial recognition.

The classification of financial assets is based on the business model of the Company anticipated for the particular asset and the characteristics of the contractual cash flows relating to that asset.

Financial assets valuated at amortised costs comprise of: cash and cash equivalents, amounts receivable from loans, trade and other receivables.

Other financial liabilities comprise: debt securities, trade and other payables.

As at 31 December 2019 and 31 December 2018 the Company does not hold securities classified as:

- Financial assets/liabilities stated at fair value through profit or loss,
- Derivatives designated as hedging instruments in effective hedging transactions.

The Company does not apply hedge accounting.

Initial recognition and valuation

Initial recognition of financial instruments and their subsequent valuation depend on their classification, which has been described in the following paragraphs:

- ‘Receivables from loans’,
- ’Trade and other receivables’,
- ‘Cash and cash equivalents’,
- ‘Debt securities in issue’,
- ‘Trade and other payables’.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased or the contractual rights to receive the cash flows from financial assets have been transferred that is, the rights to the cash flows are either transferred to another entity or they are retained by the Company and simultaneously the Company has an obligation to transfer these cash flows to another entity.

The Company derecognises a financial liability (or its part) if the contractual obligation has been fulfilled, redeemed or it expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3. Accounting policies (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market on the valuation date and the current market conditions, regardless of whether the price is directly observable or estimated using other valuation techniques. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants take these characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, the fair value measurements are categorized into level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable, and the significance of the inputs to the fair value as a whole. These levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities for which the entity has an access at the measurement date,
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 inputs are unobservable inputs for valuation of the asset or liability.

In measuring the fair value of assets or liabilities, the Company uses observable market data to the extent that this is possible.

Disclosure relating to fair value of financial assets and liabilities of the Company are presented in Note 22 to these Financial Statements.

Provisions

Provisions are recognised when the Company has a present obligation resulting from a past event and it is probable that the Company will be requested to settle that obligation and the amount can be reliably estimated. Provisions are measured at managements best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the time effect is material.

Equity

Equity comprises capital set up by the Company on the basis of the applicable legal regulations and the provisions of its Memorandum of Association.

The nominal value of the Company’s share capital is stated at the amount specified in its Memorandum of Association and the Commercial Register.

Retained earnings represent accumulated profits from prior years, which have been transferred to the Company's capital reserve, the net profit or loss for the financial year recognised in the statement of comprehensive income and the impact of the implementation of IFRS 9 for the first time as at 1 January 2018.

Dividends

Dividends to the Company’s owners are recognised in the Company’s Financial Statements – as decrease of the equity - in the period in which the dividends are approved by the Company’s owners.

Segment reporting

According to IFRS 8.13 the Company shall report separately information about an operating segment that meets any of the following quantitative thresholds:

- its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments, or
- the absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss, or

3. Accounting policies (continued)

- its assets are 10 per cent or more of the combined assets of all operating segments.

Currently the Company has only one source of revenue and income from granting loans to other entities within the Group. Company activities represent one operating segment.

4. Key assumptions and estimates

Given the scope of current activities, the Company's estimates relate only to the assessment of the impairment provision for receivables from loans, the amount of provisions and operating expenditures, which are expected to be settled in the future, as well as the recoverability of the deferred income tax asset.

5. Interest revenue

For the year ended 31 December	2019 PLN	2018 PLN
Interest on loans	12 279 175,59	12 286 132,92
Interest on cash and cash equivalents	4 098,82	3 421,11
Total	**12 283 274,41**	**12 289 554,03**

Interest revenue on loans is calculated using the effective interest rate method.

6. Finance costs

For the year ended 31 December	2019 PLN	2018 PLN
Interest payable on debt securities	12 079 412,29	12 086 353,94
Total	**12 079 412,29**	**12 086 353,94**

Interest payable on debt securities in issue is calculated using the effective interest rate method.

7. Expenses by nature

For the year ended 31 December	2019 PLN	2018 PLN
External services:		
- audit and advisory services	24 612,30	28 385,00
- administrative costs, including:	75 718,80	75 718,80
- short-term lease costs	*22 140,00*	-
- bank charges	1 059,60	669,20
Impairment on receivables from loans	(64 102,81)	4 025,35
Total expenses by nature	**37 287,89**	**108 798,35**
Classified as:		
- operating costs	37 287,89	108 798,35

8. Income tax expense

Reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 31 December 2019 and 31 December 2018 is as follows:

For the year ended 31 December	2019 PLN	2018 PLN
Accounting profit before tax	**166 574,23**	**94 401,74**
Current income tax	19 692,00	19 638,00
Deferred income tax	11 956,53	(1 700,82)
Income tax expense reported in statement of comprehensive income	**31 648,53**	**17 937,18**
Income tax expense at statutory income tax rate of 19% (2018: 19%)	**31 648,53**	**17 937,18**
Income tax expense at the effective income tax rate of 19% (2018: 19%)	**31 648,53**	**17 937,18**

9. Receivables from loans

As at 31 December	2019 PLN	2018 PLN
- due within one year	200 713 765,31	928 816,91
- due in more than one year	-	199 721 670,00
Total	**200 713 765,31**	**200 650 486,91**

As at 31 December 2019 and 31 December 2018 the Company had a receivable from only one loan, which was issued to a related entity for a period of 5 years at nominal value of PLN 200 million. The loan matures in June 2020. The interest on the loan is based on floating interest rate (WIBOR 6M) and the mark up. The amount receivable from the loan is held at amortised cost and equals the expected future cash flows discounted at the EIR. The repayment of the loan is guaranteed by entities from the Group (for details see Note 18). The loan was not past due as at 31 December 2019 and 31 December 2018. Changes in loss allowance relating to receivables from loans in 2019 are presented in Note 23.

10. Cash and cash equivalents

As at 31 December	2019 PLN	2018 PLN
Cash at bank	498 236,12	419 875,20
Total	**498 236,12**	**419 875,20**

Cash and cash equivalents represent amounts denominated in Polish Zloty. Cash at bank is interest bearing (floating rates).

11. Debt securities in issue

In June 2015 the Company issued 200 000 5-year floating-rate debt securities with a par value of PLN 1 000 each and a total nominal value of PLN 200 million. The details of the bonds are the following:

ISIN code	Maturity Date	Average interest rate (EIR%)	Book value 31 December 2019 PLN	Book value 31 December 2018 PLN
PLIPFIP00033	3.06.2020	WIBOR 6M + margin	200 914 509,78	200 915 097,49
Current portion			200 914 509,78	915 097,49
Non-current portion			-	200 000 000,00
Total			**200 914 509,78**	**200 915 097,49**

12. Trade and other payables

As at 31 December	2019 PLN	2018 PLN
Accruals	26 982,80	26 048,00
Total	**26 982,80**	**26 048,00**

The above balances comprise amounts to be settled within 12 months from the balance sheet date. The fair value of trade and other payables approximates to their book value due to their short-term nature.

13. Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet method using a tax rate of 19%.

	2019 PLN	2018 PLN
Net deferred tax asset as at 1 January	55 225,63	1 160,99
(Decrease)/increase charged to statement of comprehensive income	(11 956,53)	1 700,82
Increase recognised directly in equity	-	52 363,82
Net deferred tax asset as at 31 December	**43 269,10**	**55 225,63**

Deferred tax liability

As at 31 December	2019 PLN	2018 PLN
Receivables from loans	713 765,31	650 486,91
Total	**713 765,31**	**650 486,91**
Deferred tax liability at 19% (2018: 19%)	**135 615,41**	**123 592,51**

13. Deferred tax (continued)

Deferred tax asset

As at 31 December	2019 PLN	2018 PLN
Interest payable for securities issued	914 514,62	915 100,12
Cost accruals	26 982,80	26 048,00
Total	**941 497,42**	**941 148,12**
Deferred tax asset at 19% (2018: 19%)	**178 884,51**	**178 818,14**
Net deferred tax asset	**43 269,10**	**55 225,63**

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets. Due to Company's judgement it is probable that these differences will realise in future.

14. Share capital

As at 31 December	2019				2018			
	Authorized		Issued and fully paid		Authorized		Issued and fully paid	
	Number	PLN	Number	PLN	Number	PLN	Number	PLN
Shares of 450 PLN each	100	45 000	100	45 000	100	45 000	100	45 000

During the year there were no changes to the number of shares issued.

The Company's immediate and ultimate parent and sole shareholder is IPF Plc.

15. Equity

The retained earnings consist of the following items:

- impact of IFRS 9 implementation as at 1 January 2018 amounting to PLN (223 235,22) (covered by the Company's capital reserve by resolutions of the Ordinary Shareholders' Meeting from 19th June 2019),
- undistributed earnings, which represent accumulated profits from previous years, which have been transferred to the Company's capital reserve by resolutions of Shareholders' Meeting in accordance with the Code of Commercial Companies,
- net profit for the year.

For the purpose of presentation in these Financial Statements the above described reserve capital has been included into retained earnings.

In accordance with the resolution of the Ordinary Shareholders' Meeting of IPF Investments Polska Sp. z o.o. from 19th June 2019 the net profit for the year ended 31 December 2018 in the amount of PLN 76 464,56 was transferred to capital reserves. The means can be used for distribution of dividend, advance for dividend or other purpose indicated in appropriate resolution.

For the profit generated by the Company in 2019 the Management Board plans to recommend to the Shareholders to distribute this profit in form of dividend or transfer it to capital reserves.

16. Directors' remuneration

The members of the Company's Management Board have been employed by the Group. During the period covered by the Financial Statements, the management of the Company has not received any compensation in respect of their capacity as managers of the Company. The Company's managers have been nominated by the shareholders, and were appointed in order to safeguard the shareholders' interests.

17. Employee information

The Company did not employ any employees in the period covered by the Financial Statements and is not planning to employ any employees in the near future.

18. Related party transactions

(a) Relationship between IPF Investments Polska Sp. z o.o. and its parent company

For the parent company information, see Note 14.

(b) Key management personnel compensation

For the details related to key management personnel compensation, see Note 16.

In the year ended 31 December 2019 and 31 December 2018 the Company did not grant any loans to the Management Board members. There were no other transactions concluded with members of the management of the Company, of the parent company nor their close family members.

(c) Group transactions

In the year ended 31 December 2019 and 2018 the Company has been a party to transactions with the following related parties:

- IPF Plc (UK),
- Provident Polska S.A.,
- IPF Holdings Limited (UK),
- International Personal Finance Investments Limited (UK),
- IPF International Limited (UK),
- IPF Digital Group Limited (UK).

The nature of the transactions with the above entities was the following:

1. PLN 200 million intra-group loan agreement concluded with Provident Polska S.A. as borrower to financially support its basic business activity and with IPF plc, IPF Holdings Limited, International Personal Finance Investments Limited, IPF International Limited and IPF Digital Group Limited as joint guarantors of repayment of the loan issued to Provident Polska S.A.,
2. Service agreement, which regulates provision of services by Provident Polska S.A. to the Company in relation to accounting, banking, legal support, rental of office space and other administrative services.

18. Related party transactions (continued)

Only the transactions with Provident Polska S.A. had an effect on the Company's statement of financial position and statement of comprehensive income, which was the following:

Accordingly as at and for the year ended 31 December	2019 PLN	2018 PLN
Revenue / (costs)		
Interest on loans	12 279 175,59	12 286 132,92
Cost recharges	20 828,00	21 263,74
Service costs	(75 718,80)	(75 718,80)
Total	**12 224 284,79**	**12 231 677,86**

Assets / (liabilities)		
Receivables from loans	200 713 765,31	200 650 486,91
Total	**200 713 765,31**	**200 650 486,91**

19. Commitments

The Company leases office space under lease agreement with one months' notice. The total value of future nominal payments from non-cancellable part of this agreement, classified as short-term leases amounts to PLN 1 845,00.

20. Contingent liabilities and contingent assets

As of 31 December 2019 and 31 December 2018 the Company had no contingent liabilities, including guarantees, securities granted and bills of exchange issued.

As of 31 December 2019 and 31 December 2018 the Company was a beneficiary of a guarantee received from Group companies relating to the loan agreement between the Company and Provident Polska S.A. Details of the transaction are presented in Note 18.

21. Post balance sheet events

In first months of 2020 an unknown virus causing acute infectious respiratory disease (COVID-19) spread all over the word. The first information on COVID-19 appeared in December 2019 and in mid-March 2020 the World Health Organization (WHO) declared the outbreak as pandemic. The Management of the Company assesses that this situation is an event with no impact on the financial data as at and for the year ended 31 December 2019, but a post-balance sheet event requiring additional disclosure. The Management closely monitors the situation and regularly analyzes the impact of the pandemic on the Company.

As at the date of authorization of these Financial Statements, the Management Board sees no risk for obtaining in June 2020 a refund from a loan granted to a related entity, whose repayment is guaranteed by the entities of the Group (as disclosed in Note 18) and for the purchase of debt instruments in accordance with the anticipated maturities. However, due to the dynamically developing economic situation caused by the COVID-19 pandemic, the Company does not have yet specific plans to obtain new external financing.

As disclosed in the 'Basis of preparation', in Management's opinion, there is no threat for Company's going concern in foreseeable future, i.e. within 12 months from the balance sheet date.

The spread of the virus has large-scale social and economic effects in Poland and many countries around the world. Consequently, the assumptions and estimates adopted for the purposes of these Financial Statements may require a review that leads to a significant change in the carrying value of specific assets and liabilities in

21. Post balance sheet events (continued)

the following financial year. In the Management's opinion, this may concern in particular the assumptions and estimates underlying the calculation of impairment losses on loan granted to a related party (the carrying value of the receivables from loans as at 31 December 2019 amounts to PLN 200 713 765,31) in the period from 1 January 2020 to the day preceding loan repayment, i.e. 2 June 2020. Due to the dynamically changing environment as at the date of authorization of these Financial Statements, the Management Board is not able to reliably estimate this impact for the following period (2020). However, regarding the impact on the full period of six months ended as at 30 June 2020, as the Management Board does not see the risk associated with the recovery, in June 2020, of the funds from the loan granted, the Management Board expects the reversal of the impairment recognised as at 31 December 2019.

22. Fair values of financial assets and liabilities

The fair value and carrying value of the financial assets and liabilities of the Company are set out below:

As at 31 December	2019		2018	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets	PLN	PLN	PLN	PLN
Cash and cash equivalents	498 236,12	498 236,12	419 875,20	419 875,20
Receivables from loans	201 610 914,79	200 713 765,31	203 154 431,85	200 650 486,91
Total	**202 109 150,91**	**201 212 001,43**	**203 574 307,05**	**201 070 362,11**
Financial liabilities				
Debt securities in issue	194 926 000,00	200 914 509,78	190 426 000,00	200 915 097,49
Trade and other payables	26 982,80	26 982,80	26 048,00	26 048,00
Total	**194 952 982,80**	**200 941 492,58**	**190 452 048,00**	**200 941 145,49**

The fair value of amounts receivable from loans for the Financial Statements purposes has been assessed by discounting contractual future cash flows at an appropriate current market rate of similar instruments available for the Company.

The fair value of debt securities in issue has been obtained from Catalyst market listings (bonds issued by IPF Investments Polska Sp. z o.o. are listed on this market) (the last available transaction listing as at the end of 2019 and 2018). Due to the limited number of bonds and small number of transactions in the market the debt securities in issue have been classified into Level 2 of fair value hierarchy.

For other financial assets and liabilities, which are all short-term in nature, the carrying value is a reasonable approximation of fair value.

The IFRS 13 *Fair Value Measurement* fair value hierarchy of the Company's financial assets and liabilities as at 31 December 2019 and 2018 is set out below:

As at 31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets	PLN	PLN	PLN	PLN
Cash and cash equivalents	498 236,12	-	-	498 236,12
Receivables from loans	-	201 610 914,79	-	201 610 914,79
Total	**498 236,12**	**201 610 914,79**	**-**	**202 109 150,91**
Financial liabilities				
Debt securities in issue	-	194 926 000,00	-	194 926 000,00
Trade and other payables	-	26 982,80	-	26 982,80
Total	**-**	**194 952 982,80**	**-**	**194 952 982,80**

22. Fair values of financial assets and liabilities (continued)

As at 31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets	PLN	PLN	PLN	PLN
Cash and cash equivalents	419 875,20	-		419 875,20
Receivables from loans	-	203 154 431,85	-	203 154 431,85
Total	**419 875,20**	**203 154 431,85**	**-**	**203 574 307,05**
Financial liabilities				
Debt securities in issue	-	190 426 000,00	-	190 426 000,00
Trade and other payables	-	26 048,00	-	26 048,00
Total	**-**	**190 452 048,00**	**-**	**190 452 048,00**

23. Risk management

Risk arising from financial instruments

The Company follows treasury policies approved by the Group Board of Directors. The Company's day-to-day operations are managed by delegated employees of Provident Polska S.A. on the basis of a services agreement (see also Note 18).

The treasury policies are designed to manage the main financial risks in relation to funding and investment. These policies ensure that the borrowings and investments are with high quality counterparties; are limited to specific instruments; the exposure to a single counterparty or type of instrument is controlled; and the Company's exposure to interest rate risk is maintained within set limits.

Interest rate risk

The Company is exposed to interest rate risk arising on changes in interest rates on loan receivables and debt securities in issue and therefore seeks to limit its exposure. The interest risk in relation to overnights and deposits is assessed as insignificant, trade receivables and payables and other receivables and liabilities are non-interest bearing.

This reduction of the interest rate risk is achieved by the perfect matching of the parameters of loans issued to the Group companies with the terms and conditions of the debt securities issued, which means that any changes in market conditions in relation to debt securities in issue will be automatically reflected in loan contract conditions. Therefore, if interest rates increased/decreased by 50 bps in the 2019 or 2018 this would have no significant effect on net interest revenue (revenue less interest expense).

Currency risk

In 2019 and 2018 the Company was not exposed to any currency risk.

Credit risk

The Company is subject to credit risk mostly in respect of the amounts receivable from loans and the cash and cash equivalents held on deposit with banks.

As at 31 December	2019 PLN	2018 PLN
	Carrying value	Carrying value
Cash and cash equivalents	498 236,12	419 875,20
Receivables from loans	200 713 765,31	200 650 486,91
Total	**201 212 001,43**	**201 070 362,11**

23. Risk management (continued)

Cash and cash equivalents

Cash and cash equivalents are neither past due nor impaired. Credit quality of these assets is good and the cash and cash equivalents are held with bank with good rating (Moody's Agency long-term rating A3 as at 31 December 2019), which meet the criteria set out within treasury policies to ensure the risk of loss is minimized. The Company does not hold any petty cash.

Amounts receivable from loans

The Company is exposed to credit risk, which is the risk that a counterparty might be unable to pay amounts in full when due.

Amounts receivable from customers are stated at amortised cost less impairment. Depending on the risks associated with each loan, they are categorised into three stages where stage 3 is the highest risk.

The table below shows the amount of the net receivables in each stage at 31 December 2019 and 31 December 2018:

As at 31 December 2019	**Stage 1** PLN	**Stage 2** PLN	**Stage 3** PLN	**Total** PLN
Receivables from loans	200 713 765,31	-	-	**200 713 765,31**

As at 31 December 2018	**Stage 1** PLN	**Stage 2** PLN	**Stage 3** PLN	**Total** PLN
Receivables from loans	200 650 486,91	-	-	**200 650 486,91**

The changes in gross carrying amount recognised for the period is impacted by a variety of factors, as described below:

- additional gross carrying amount for new receivables (incl. accrued interest);
- reductions of the gross carrying amount due to payments (incl. interest payments).

The loss allowance recognised in the period is impacted mainly by:

- changes of the current balance relating to receivables from loans;
- changes in parameters relating to estimated risk (PD, EAD, LGD) in the period.

The following tables explain the changes in the gross carrying amount and the loss allowance between the beginning of the period and the end of 2019 and 2018 due to these factors:

	Stage 1 PLN	**Stage 2** PLN	**Stage 3** PLN	**Total** PLN
Gross carrying value				
As at 1 January 2019	200 930 111,30	-	-	200 930 111,30
Additions (accrued interest)	12 279 175,59	-	-	12 279 175,59
Payments	(12 280 000,00)	-	-	(12 280 000,00)
As at 31 December 2019	**200 929 286,89**	**-**	**-**	**200 929 286,89**
Loss allowance				
As at 1 January 2019	(279 624,39)	-	-	(279 624,39)
Changes in impairment due to receivables balance changes	0,88	-	-	0,88
Changes in parameters	64 101,93			64 101,93
As at 31 December 2019	**(215 521,58)**	**-**	**-**	**(215 521,58)**
Net receivables as at 1 January 2019	**200 650 486,91**	**-**	**-**	**200 650 486,91**
Net receivables as at 31 December 2019	**200 713 765,31**	**-**	**-**	**200 713 765,31**

23. Risk management (continued)

	Stage 1	Stage 2	Stage 3	Total
	PLN	PLN	PLN	PLN
Gross carrying value				
As at 1 January 2018	200 933 978,38	-	-	200 933 978,38
Additions (accrued interest)	12 286 132,92	-	-	12 286 132,92
Payments	(12 290 000,00)	-	-	(12 290 000,00)
As at 31 December 2018	**200 930 111,30**	**-**	**-**	**200 930 111,30**
Loss allowance				
As at 1 January 2018	(275 599,04)	-	-	(275 599,04)
Changes in impairment due to receivables balance changes	5,39	-	-	5,39
Changes in parameters	(4 030,74)	-	-	(4 030,74)
As at 31 December 2018	**(279 624,39)**	**-**	**-**	**(279 624,39)**
Net receivables as at 1 January 2018 (restated)	**200 658 379,34**	**-**	**-**	**200 658 379,34**
Net receivables as at 31 December 2018	**200 650 486,91**	**-**	**-**	**200 650 486,91**

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The risk of material unexpected credit losses in respect of amounts receivable from loans is low as the Company lends only to Group companies. This risk is further minimized by the guarantees for the loan agreements obtained from other Group companies (see Note 18) which have Fitch Agency rating BB (Outlook negative) and Moody's Agency rating Ba3 (Outlook stable).

Receivables from loans as at 31 December 2019 and 31 December 2018 were not past due.

Liquidity risk

The nature of the Company's business is that the term and conditions of amounts receivable from loans are matched with those of debt securities in issue. In addition, the level of cash accumulated by the Company in the process of its current operations ensures the settlement of current liabilities, therefore the Management Board does not recognise the risk of the Company's lack of liquidity in the foreseeable future, i.e. within 12 months from the balance sheet date.

Analysis of assets and liabilities due

The following table presents the analysis of undiscounted amounts due from loans and liabilities from debt securities issued (including total amount of interest payable), according to maturities.

As at 31 December 2019	Receivables from loans	Percentage	Debt securities in issue	Percentage
	PLN	%	PLN	%
Less than 1 year	206 156 000,00	100,0	206 056 000,00	100,0
1-2 years	-	-	-	-
Total	**206 156 000,00**	**100,0**	**206 056 000,00**	**100,0**

23. Risk management (continued)

As at 31 December 2018	Receivables from loans	Percentage	Debt securities in issue	Percentage
	PLN	%	PLN	%
Less than 1 year	12 280 000,00	5,6	12 080 000,00	5,5
1-2 years	206 156 000,00	94,4	206 056 000,00	94,5
Total	**218 436 000,00**	**100,0**	**218 136 000,00**	**100,0**

The table illustrates perfect matching of the maturities of receivables from loans and funding in the form of debt securities.

Capital management

Due to the character of the Company (special purpose vehicle providing finance to other Group companies) its objective when managing capital is to retain the initially paid in share capital to meet regulatory requirements. The high gearing ratio, which is due to the issue of debt instruments is counterbalanced by the amount receivable from a loan matching the issued debt instruments.

24. Categories of financial assets and liabilities

Financial assets

As at 31 December	2019 Financial assets measured at amortised cost	2018 Financial assets measured at amortised cost
	PLN	PLN
Cash and cash equivalents	498 236,12	419 875,20
Amounts receivable from loans	200 713 765,31	200 650 486,91
Total	**201 212 001,43**	**201 070 362,11**

Financial liabilities

As at 31 December	2019 Other financial liabilities	2018 Other financial liabilities
	PLN	PLN
Debt securities in issue	200 914 509,78	200 915 097,49
Trade and other payables	26 982,80	26 048,00
Total	**200 941 492,58**	**200 941 145,49**

25. Auditor's remuneration

Fees payable to the Auditor for the statutory audit of annual Financial Statements for the year ended 31 December 2019 equal to PLN 21 279,00 (for the year ended 31 December 2018 PLN 20 418,00) (gross).

Fees payable to the Auditor for other assurance services for the year ended 31 December 2019 equal to PLN 3 321,00 (for the year ended 31 December 2018 PLN 3 259,50) (gross).