Independent Auditor's Report
To the Members of Morses Club PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Morses Club PLC (the 'parent company') and its subsidiaries (the 'group'):
- give a true and fair view of the state of the group's and of the parent company's affairs as at 27 February 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the consolidated income statement;
- the consolidated and parent company balance sheet;
- the consolidated and parent company statement of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2. 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 group and the parent 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 as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: Going concern; Loan impairment provisions; Revenue recognition; Impairment of goodwill; and Contingent liability. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £724,000 which was determined on the basis of 1% net assets.
Scoping	The group is made up of Morses Club PLC which is the main trading entity and its four subsidiaries being Shopacheck Financial Services Limited, Shelby Finance Limited, U Holdings Limited and U Accounts Limited. Our full audit scope covered 100% of revenue, 100% of profit before tax and 100% of net assets across the group.
Significant changes in our approach	We have expanded our key audit matter around loan impairment provisioning and revenue recognition to include cohort weightings as management's methodology has changed since prior year; in previous years management weighted each annual cohort of data equally (20%) however in FY21 cohort weightings have been applied to give prominence (60%) to the most recent 2019 cohort, encapsulating the Covid-19 performance of the loan book, and 10% for each of the four previous cohorts. Due to the noticeable increase in complaints raised by Claims Management Companies ("CMC's") within both the company and the wider home collect credit industry, we have identified a new key audit matter around the consequent impact of the volume of complaints on the group's contingent liabilities.

4. 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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.1.

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 group's and parent 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.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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5.1. Going concern

Key audit matter description	The ongoing uncertainty surrounding the impact of Covid-19 and the continuing attention of regulators and CMC's on the home collect credit sector, has continued to increase the complexity associated with the Directors' assessment of the group's and company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. In addition, there is an increased risk associated with the appropriateness of disclosures over the going concern assessment in light of an enhanced focus from CMC's on the home collect credit sector. In making their assessment, the Directors consider that the going concern basis of accounting is appropriate and that there is no material uncertainty related to going concern. The Directors have disclosed their explanations and conclusions on the going concern basis and the key matters considered, including judgements in relation to (i) the ongoing confidence in the group's and company's profitability, liquidity and funding positions, particularly in light of the extension of the borrowing facility to December 2022, as well as (ii) the capability of the operational resilience and supplier viability framework in place over the assessment period. Due to the increased audit effort and level of judgements involved in the going concern assessment we have considered the going concern assessment and related disclosures as a key audit matter. Management's associated consideration of the company's and group's ability to continue as a going concern are detailed on page 100 within note 1 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over management's going concern assessment. We challenged and assessed management's evaluation of forecast profitability, liquidity and funding position, as well as operational resilience: **Profitability, liquidity and funding** We assessed the internal governance process followed by management in order to prepare the budget and also a worst-case scenario assessment. We challenged the forecast changes to the group's and company's profitability and liquidity plan, with reference to the group's and company's internal risk appetite, given current market conditions. We tested the accuracy of the calculations underpinning the forecasts, and also challenged the reasonableness of the forecasts by assessing the key assumptions adopted and reviewing management's historical forecasting accuracy. We inspected the terms and conditions of the renewed borrowing facility and assessed compliance with the covenant conditions attached to the borrowing facility. We also tested the forecast covenant compliance. **Operational resilience and supplier viability** We assessed management's internal monitoring processes in order to monitor the operational impact of Covid-19 on a regular basis. We assessed management's oversight of service providers' operational and financial resilience, or where necessary, the contingency plans in place where a supplier has been deemed at risk. **Disclosures** We have evaluated the disclosures made by management in relation to going concern, to assess whether they appropriately reflect the impact on the group and evaluated the consistency of the disclosures with our knowledge of the group based on our audit. We read the most recent Board minutes and regulatory correspondence to identify items of interest and assess the completeness of the disclosures.
Key observations	Based on the work performed, having taken account of the assumptions and other matters disclosed in the Going Concern Statement made by the directors and elsewhere in the accounts, we concurred with the directors' conclusion over the company's and group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. We also concluded that the disclosures in relation to going concern are appropriate.

5.2. Loan impairment provisions

Key audit matter description	The group held loan impairment provisions of £32.6m (2020: £44.9m), against gross loan carrying amounts of £80.5 million (2020: £112.8 million) within the home collect credit business. Amounts receivable from customers are valued using collections curves to estimate the twelve month and lifetime expected future losses on cohorts of loans exhibiting similar risk characteristics, including the number of missed payments in the previous 13 weeks. These collections curves are based on collections levels from outstanding amounts receivable from customers over 2015-2019. The collection curve methodology has changed since prior year; in previous years management weighted each annual cohort equally (20%) however in FY21 cohort weightings have been applied to give prominence (60%) to the most recent 2019 cohort, encapsulating the Covid-19 performance of the loan book, and 10% for each of the four previous cohorts. We have determined our key audit matter to be the estimation of future cash flows, including cohort weightings, used to determine the provision given that the impairment provision is highly sensitive to this assumption and it requires the highest degree of judgement. Given the degree of judgement involved in determining key assumptions, we also identified that there is a potential for fraud through possible manipulation of this balance. The modelling approach taken by management is partly automated, in relation to the extraction of loan data from the lending system and the application of provisioning rates to loan balances. Management's associated accounting policies are detailed on pages 99 to 108 with detail about judgements in applying accounting policies and critical accounting estimates on page 107 and within the Audit Committee report on page 59 to 62. The trade and other receivables note is on page 118.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the estimation of future cash flows and management's judgement paper. We involved internal IT specialists to review the methods used by management to extract loan data from the lending system. Additionally, we assessed the application of the provisioning rates to the loan balances within the loan impairment provisioning model. We specifically challenged the appropriateness of the cash collection curves used to determine the impairment provision, which included a review of the updated methodology used to construct the curves, involving our IT specialists to independently reconstruct the curves, and performing an assessment of whether the historic collections data and the updated methodology being used by management is an appropriate basis upon which to predict future recoveries in the current economic environment. We performed a retrospective review comparing weighted forecasted cash collections for FY21 against actual cash collections, including an assessment of the impact of any differences on the validity of managements modelling. We involved our IT specialists to test the mechanical accuracy and completeness of the impairment models by recalculating the provision in accordance with the approved provisioning policy. We challenged the defined staging triggers as these are the other key assumption driving the impairment calculation. This involved analysis of the group's historical cash collection experience and benchmarking to peers and external economic and industry data. We reconciled the loan impairment provision to the general ledger, assessed compliance of the modelling approach and provisioning policy with the requirements of IFRS 9 and substantively tested a sample of loans back to signed source documentation to assess whether the data used in the provision calculation was complete and accurate. We also challenged management on the lack of macroeconomic overlays and performed an assessment over the potential requirement for a macroeconomic overlay.
Key observations	We concluded that the impairment models were working as intended. We concluded that the estimation of future cash flows within the models and the updated cohort weighting methodology were reasonable and thus the impairment provision recorded was appropriate.

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5.3. Revenue recognition

Key audit matter description	The group recognised revenue of £86.4m (2020: £119.3m) against amounts receivable from home collect credit customers during the year ended 27 February 2021. The recognition of revenue on amounts receivable from customers under IFRS 9 requires the use of an effective interest rate method. Judgement is applied by management to determine key assumptions related to the expected lives of loans. We have determined our key audit matter to be the formulation of the expected lives assumptions, including cohort weightings, given these are the key judgements underpinning the calculation of the revenue balance. The expected lives are determined from the same data set used to construct the cash collection curves used in loan impairment provisioning. Given the degree of judgement involved in determining key assumptions, we also identified that there is a potential for fraud through possible manipulation of this balance. The modelling approach taken by management is partly automated, in relation to the extraction of loan data from the lending system and the application of expected lives to the revenue balance. Management's associated accounting policies are detailed on pages 99 to 108 with detail about judgements in applying accounting policies and critical accounting estimates on page 107 and within the Audit Committee report on pages 59 to 62.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the determination of the expected lives and management's judgement paper. We involved internal IT specialists to review the methods used by management to extract loan data from the lending system. We involved our IT specialists to independently reconstruct the expected lives using historical data and then challenged the lives by reference to both historical and forecast data and comparability with the contractual life under IFRS 9. We tested the mechanical accuracy and completeness of the revenue recognition models by agreeing a sample of model inputs back to underlying source data. We recalculated the effective interest rates for each type of product and independently determined for a sample of customers the accuracy of the revenue earned during the year ended 27 February 2021.
Key observations	We concluded that the revenue recognition models were working as intended. The underlying assumptions applied within the models, specifically in respect of the expected lives used in the calculation of the revenue balance, were found to be appropriate.

5.4. Impairment of goodwill

Key audit matter description	Upon acquiring U Holdings Limited, Morses Club PLC recognised a goodwill balance of £9.4m. We have identified a key audit matter in relation to impairment of goodwill based on the size of the goodwill balance, the inherent judgement involved in determining goodwill impairment and the fact that the performance of U Holdings Limited to date has been lower than expected. Management is required by IAS 36 to perform an annual impairment review for goodwill balances. Estimation is involved in assessing the fair value less costs to sell and value in use of certain intangible assets at each reporting period for assessment of impairment. This requires an assessment of whether there are any impairment triggers which, given the nature of the assets, focuses on business performance and cash flows. Management concluded that no impairment of goodwill was required based on an assessment of relevant impairment triggers. We have identified a key audit matter around the forecast cash flows in the goodwill impairment model for U Holdings Limited, in particular the growth rates and discount rate used given these are the key assumptions underpinning the forecast. Given the degree of judgement involved in determining key assumptions, we also identified that there is a potential for fraud through possible manipulation of this balance. Management's associated accounting policies are detailed on pages 93 to 108 with detail about judgements in applying accounting policies and critical accounting estimates on page 107 and within the Audit Committee report on page 59 to 62. The goodwill note is on page 113.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the determination of the growth rates and discount rate and management's judgement paper. We evaluated the forecast cash flows used in the model against the historical trading of the Digital division and challenged the assumptions underpinning the forecast, including review of the long term and short-term growth rates and discount rate used. We involved our valuation specialists to independently determine an estimate of the discount rate in order to challenge the rate selected by management. We assessed the appropriateness of the short-term growth rates through challenging the key assumptions underpinning the forecast growth, with peer benchmarking used to assess the appropriateness of the long-term growth rate. As we expect consistency between the two management assessments, we tested the accuracy and completeness of the impairment model by comparing to the forecasts used in the going concern assessment.
Key observations	We concur that the growth rates and discount rate applied are appropriate and also with management's conclusion that no impairment of goodwill was required.

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5.5. Contingent liability

Key audit matter description	Due to the noticeable increase in complaints raised by CMCs within both the company and the wider home collect credit industry, we have identified a new key audit matter around the consequent impact of the volume of complaints on the group's contingent liabilities. Whilst an IAS 37 provision has been raised within the FY21 results for unresolved complaints at the balance sheet date, this key audit matter is focused upon the possibility of a significant increase in complaints being received by the company after the year end and the necessity for consideration of a contingent liability disclosure in the FY21 financial statements. Under the requirements of IAS 37 a contingent liability should be recognised for a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; an entity should not recognise but disclose a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote. Management has disclosed a contingent liability in response to complaints raised by CMCs but are unable to quantify the possible impact on the financial statements at this time. Management's associated accounting policies are detailed on pages 93 to 108 with the contingent liability note on page 137.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the consideration of whether a contingent liability was required. We assessed whether the requirements of IAS 37 had been applied appropriately, whilst also holding discussions with our regulatory specialists on any additional areas of concern or risk based on the complaints received to date. We assessed the trend in complaints observed during the year and up until the date of signing, evaluated the level of complaints raised in comparison to that observed at peers, using publicly available information, and reviewed any correspondence with regulators.
Key observations	We concur with the contingent liability disclosed by management, in light of the groups' complaints experience to date.

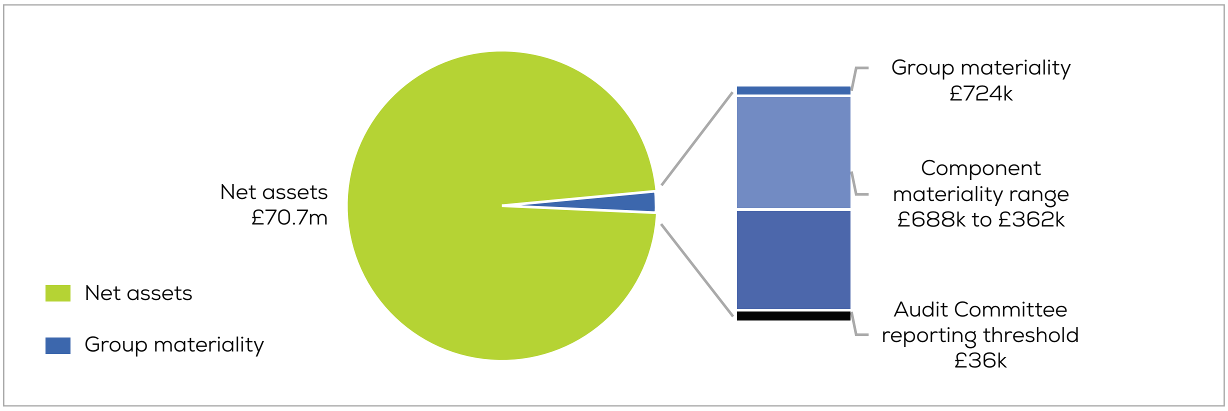
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£724k (2020: £706k)	£688k (2020: £670k)
Basis for determining materiality	1% of net assets (2020: 1% of net assets)	1% of net assets (2020: 1% of net assets)
Rationale for the benchmark applied	We considered both a profit and net assets based measure as benchmarks for determining materiality. As the pandemic has increased the volatility of pre-tax profits, we have again used net assets as a more stable benchmark and basis for materiality. Net assets is considered to be a more stable basis on which to determine materiality going forward and is a relevant benchmark to users of the annual report and accounts.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2020: 70%) of group materiality	65% (2020: 70%) of parent company materiality
Basis and rationale for determining performance materiality	We have set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 65% of materiality for the 2021 audit (2020: 70%). In determining performance materiality we considered our risk assessment, including our assessment of the group and parent company's overall control environment and the increased control risks inherent within the business given it is operating in a Covid-19 environment.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £36k (2020: £35k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent Auditor’s Report continued

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

The group is made up of the main trading and parent entity of Morses Club PLC and four subsidiaries being Shopacheck Financial Services Limited, Shelby Finance Limited, U Holdings Limited and U Accounts Limited. These companies account for 100% of the group’s net assets, 100% of the group’s revenue and 100% of the group’s pre-tax profit; this is consistent with the approach in prior year. We performed testing over the consolidation which is prepared at the group level only.

All entities in the group are within our full audit scope and the audit procedures for these entities are performed directly by the group audit team.

7.2. Our consideration of the control environment

We identified key IT systems for the group in respect of the financial reporting system and lending system. With the involvement of our IT specialist we performed testing of the general IT controls (‘GITCs’) associated with these systems and relied upon IT controls across the systems identified.

We adopted a controls reliance approach in relation to the lending business cycle within the home collect credit business. We tested the relevant automated and manual controls for the business cycle where a control reliance approach was planned. We adopted a controls reliance approach across the lending cycle when performing our substantive audit procedures.

8. 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 our 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.

9. 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 group’s and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. 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.

11. 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.

11.1. Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, IT, valuations and analytics specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: loan impairment provisioning, revenue recognition and impairment of goodwill. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group and company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation etc.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the regulation set by the Financial Conduct Authority, which are fundamental to the group's ability to continue as a going concern

11.2. Audit response to risks identified
As a result of performing the above, we identified loan impairment provisioning, revenue recognition and impairment of goodwill as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Financial Conduct Authority and HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report continued

Report on other legal and regulatory requirements

12. 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 group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement
Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate;
- the directors' statement on fair, balanced and understandable;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- the section describing the work of the Audit Committee

14. Opinion on other matter prescribed by our engagement letter
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

15. Matters on which we are required to report by exception
15.1. Adequacy of explanations received and accounting records
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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15.2. Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

16. 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.

Kieren Cooper (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
13 May 2021