

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Close Brothers Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company balance sheets as at 31 July 2024; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### 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 group 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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Our audit approach

### Overview

#### Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment, the financial significance of components and other qualitative factors (including history of misstatement through fraud or error).
- We performed audit procedures over components considered financially significant in the context of the group (full scope audit) or in the context of individual primary statement account balances (audit of specific account balances).
- We performed other procedures including analytical review procedures to mitigate the risk of material misstatement in the residual components.

#### Key audit matters

- Determination of expected credit losses on loans and advances to customers (group)
- Assessment of impairment in relation to valuation of goodwill held in relation to Winterflood Securities and Close Brothers Limited (group)
- Consideration of the contingent liability for motor dealer commissions (group)
- Assessment of the going concern basis of preparation, specifically in relation to capital (group and company)

#### Materiality

- Overall group materiality: £10.6m (2023: £11.6m) based on 5% of 4 year average adjusted profit before tax (PBT) (2023: 5% of 3 year average adjusted PBT).
- Overall company materiality: £13.8m (2023: £12.8m) based on 1% of Total Assets.
- Performance materiality: £8.0m (2023: £8.7m) (group) and £10.35m (2023: £9.6m) (company).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Consideration of the contingent liability for motor dealer commission and Assessment of the going concern basis of preparation, specifically in relation to capital are new key audit matters this year. Otherwise, the key audit matters below are consistent with last year.

**Key audit matter**

**Determination of expected credit losses ("ECL") on loans and advances to customers (group)**

As at 31 July 2024, the Group has gross loans and advances to customers of £10,276.6m, with ECL provisions of £445.8m held against them.

The determination of ECL provisions is inherently judgemental and involves setting assumptions using forward looking information reflecting the Group's view of potential future economic events. This can give rise to increased estimation uncertainty.

There has been improvement in some economic indicators, however ECL provisions by their nature are uncertain, and the interest rate environment remains heightened. This, and other economic developments, may impact the credit performance of the lending book.

The model methodology in relation to the Novitas Loans business remains the same. However, this remains subjective in the current year and the ECL is sensitive to potential outcomes and estimated time to recovery.

Models are used to collectively assess and determine ECL allowances on loans and advances. We consider the following elements of the determination of modelled ECL to be significant:

- The application of forward-looking economic scenarios used in the models and the weightings assigned to those scenarios;
- The sufficiency and completeness of post-model adjustments which may be considered in order to take into account economic risks not captured by the models;
- In respect of the Novitas portfolio, the appropriateness of assumptions used in the determination of the recoveries from insurers and the estimated time to recover; and
- The Loss Given Default ("LGD") component for the Asset Finance and Leasing business, given that the LGD model was developed over a period with more benign macroeconomic conditions than the expected conditions over the forecast period.

ECL provisions on individually large exposures to counterparties who are in default at the reporting date, are estimated on an individual basis. We consider that only the individually assessed loans of the Property business constitute a significant risk in the current year. The risk relates to the assumptions made on the amount and timing of the expected future cash flows under multiple probability weighted scenarios.

Relevant disclosure references:

- Note 2 - Critical accounting estimates and judgements; and
- Note 10 - Loans and advances to customers.

**How our audit addressed the key audit matter**

With the support of our credit risk modelling specialists and economics experts, we performed the following procedures:

For collectively assessed ECL provisions:

- We understood and critically assessed the appropriateness of the ECL accounting policy and model methodologies used by management;
- We independently replicated ECL models for the Asset, Leasing, Motor Finance and Invoice businesses, using management's model methodology and assumptions;
- We tested model performance through review and replication of key model monitoring tests. We assessed the performance of key model elements, including LGD, and considered if they indicated that the models continued to perform appropriately or if any post-model adjustments were required;
- We critically assessed the reasonableness of management's selected economic scenarios and associated scenario weightings, giving specific consideration to current and future economic uncertainty. We assessed their reasonableness against known or likely economic events;
- We compared the severity and magnitude of the assumptions used in the base scenario to external forecasts and historic trends;
- Based on our knowledge and understanding of the limitations in management's models and emerging industry risks, we evaluated the completeness and sufficiency of the post model adjustments proposed by management;
- We evaluated the LGD model performance for the Asset Finance & Leasing business and the sufficiency of the extent to which LGD is impacted by macroeconomic factors; and
- We evaluated management's model used to derive the Novitas Loans ECL and critically assessed the assumptions for recovery rate and time to recover. We met with management's external legal counsel to corroborate assumptions.

Individually assessed provisions:

For a sample of individually assessed loans in default and related ECL allowances in the Property business, we:

- Evaluated the basis on which the allowances were determined and the evidence supporting the analysis performed by management;
- Independently challenged whether the key assumptions used, such as the recovery strategies, timing of the expected future cash flows, collateral values and ranges of potential outcomes were appropriate given the borrower's circumstances;
- Re-performed management's provision calculation, critically assessing key inputs including expected future cash flows, discount rates, valuations of collateral held and the weightings applied to scenario outcomes; and
- Considered the extent to which the exposure is impacted by economic conditions including raised interest rate levels and whether these factors had been appropriately reflected in the ECL provision.

We tested and evaluated the reasonableness of relevant disclosures made in the financial statements.

Based on the evidence obtained, we concluded that the methodologies, modelled assumptions and management judgements used in the determination of collective and individually assessed expected credit losses to be appropriate.

## Key audit matter

### Assessment of impairment in relation to valuation of goodwill held by Group in relation to Winterflood Securities and Close Brothers Limited (group)

The Group has a total goodwill balance of £102.9m, of which £23.3m relates to the Winterflood Securities (“Winterflood”) and £36.1m to Close Brothers Limited (the “Bank”).

Winterflood is considered a Cash Generating Unit (“CGU”) while the Bank has a number of CGUs under IAS 36 Impairment of Assets (“IAS 36”) which require annual impairment assessments of the goodwill associated for each CGU.

Management performs the assessment by comparing the recoverable amount of each CGU with the current carrying value of the CGU (including the goodwill associated with the CGU). Management estimated the recoverable amount using the higher of value in use (“VIU”) and fair value less cost to sell.

#### i) Winterflood

Winterfloods’ financial performance is largely driven by the performance of the equity markets in which it operates and levels of trading activity. Poor and unpredictable market conditions have negatively impacted Winterflood’s financial performance in the period, and there continues to be heightened uncertainty as to the timing and extent of the recovery of the performance of relevant equity markets and trading activity in light of ongoing political and economic volatility.

This leads to increased levels of judgement in management’s determination of the cash flows projected for the next five years used in the annual impairment assessment of the goodwill held in relation to Winterflood, in particular, those cash flows related to trading activity

#### ii) Bank

For the Bank, the fall in market value of the group and the risk associated with the ongoing FCA review of the motor commission arrangements, provide potential indicators of impairment within the Bank, including in the Motor Finance CGU. The methodology used to estimate the recoverable amount is dependent on various assumptions, both short term and long term in nature. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management’s judgement and third party data.

The significant assumptions where we focused our audit were those with greater levels of management judgement and for which variations had the most significant impact on the recoverable amount. These included the compliance of the chosen methodology with IAS 36, and the Bank’s 5 year cash flow forecasts, in particular the impact of the ongoing FCA review of motor commissions arrangements of the Bank on the future forecasts of certain CGU’s.

Relevant disclosure references:

- Note 2 - Critical accounting estimates and judgements; and
- Note 14 - Intangible assets.

## How our audit addressed the key audit matter

We performed the following audit procedures for the Winterflood and Bank models:

- With the support of our valuation and accounting specialists, we evaluated management’s impairment methodology with reference to IFRS requirements for a value in use model. This included adjustments made to the cash flow forecasts to comply with IAS 36;
- We critically assessed the reasonableness of the assumptions underlying management’s five year cash flow forecasts, in particular relating to trading activity in Winterflood and lending activities in the Bank (in particular the Motor Finance business). For the Bank this included assessing the approach for allocating a capital charge to each CGU;
- We performed a look-back analysis comparing the cash flow projections made in prior years to the actual results achieved to assess the accuracy of the budgeting and forecasting process; and
- We assessed the reasonableness of management’s allocation of central costs.

For Winterflood, in assessing the reasonableness of management assumptions on the timing and the extent of market recovery, we independently researched the expectation of future market conditions and developed alternative scenarios to assess the impact of a range of outcomes on the forecast trading revenues. We also assessed the reasonableness of the non-trading revenue forecasts.

For the Bank:

- We obtained an understanding of management’s capital and board approved forecasts, including the impact of uncertainties and judgements associated with the FCA review of motor commission as relevant to a VIU assessment; we then evaluated the reasonableness of management’s forecast cash flows from lending activity in light of this.
- We engaged our regulatory experts in assessing the reasonableness of the risk weighted asset and capital requirements included in management’s forecasts.

**In addition, we performed the following tests of details, amongst others for the Winterflood and Bank models:**

- We obtained evidence of Board approval of the three year plan and agreed these plans were appropriately reflected in the cash flow forecasts in management’s models;
- With support of our internal experts, we evaluated the appropriateness of the discount rate range determined by management’s expert;
- We verified the mathematical accuracy of the goodwill impairment assessments, including the discounted cash flow projections;
- We compared the long term growth rate used to the UK long term inflation rate; and
- We verified the appropriate application of management’s accounting policy and the adequacy of the information disclosed in the consolidated annual accounts.

Based on the procedures performed we were satisfied with management’s conclusion that the goodwill is not impaired and that disclosures included in the consolidated annual accounts are reflective of critical judgements made by management.

**Key audit matter**

**Consideration of the contingent liability for motor dealer commissions (group)**

Refer to note 21, where the group has disclosed a contingent liability in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' in relation to the ongoing FCA review of the motor commission arrangements.

There is significant uncertainty surrounding the outcome of the FCA's review and at the same time the group has a number of cases with the FOS and cases going through the courts. Management has applied significant judgement including involving management experts to ascertain:

- whether any present obligation (legal or constructive) exists; and if so
- the probability of outflow of resources.

There can be a wide range of possible outcomes, particularly in relation to legal and regulatory investigations, and as a result management have considered whether it is practicable to form and disclose an estimate of the potential financial effect of the contingent liability.

Given the uncertainty around motor commission and the extent of management judgement required we considered this area to be a significant area for our audit. Disclosures of critical judgments and estimates can be found in note 2.

**How our audit addressed the key audit matter**

We evaluated and challenged management's assessment in the context of the requirements of IAS 37 Provisions, Contingent liabilities and Contingent Assets. Our work included the following:

- We made inquiries of management's Compliance and Legal functions.
- We understood the status of the FCA review of the industry and the status of judicial reviews brought in the industry. We understood the status of specific matters related to the Group in relation to the FCA, FOS rulings and the litigation status in the courts.
- We evaluated management's assessment of the potential outcomes and associated likelihood with regard to requirement for a provision. Specifically we evaluated the advice received from managements' external legal experts. We held discussions with these experts to confirm our understanding of their views on certain judgements applied by management and obtained a written confirmation of the key facts.

Based on the procedures performed and evidence obtained, we found management's conclusions to be reasonable.

Given the uncertainty associated with the recognition of a contingent liability, we evaluated the disclosures made in the financial statements. In particular, we focused on challenging management as to whether the disclosures were sufficiently clear in highlighting the uncertainties. We considered the completeness of the information in the disclosures (in particular given that management concluded it was not practicable to form an estimate or disclose any potential financial impact). We found the disclosures to be appropriate in relation to IAS 37 requirements.

**Assessment of the going concern basis of preparation, specifically in relation to capital (group and company)**

Refer to the directors' assessment of going concern.

On 11th January 2024, the Financial Conduct Authority ("FCA") announced a review of historical motor finance commission arrangements.

As described in the Key Audit Matter on Motor Finance commission, there is significant uncertainty about the outcome of the FCA's review, and the timing, scope and quantum of any potential financial impact.

The board of directors' is planning for a range of possible outcomes and is seeking to accrete capital, including through the cancellation of dividends for FY24 and optimising risk weighted assets through management of the loan book.

In performing their assessment of going concern the directors have utilised significant judgement in determining the extent of risk relating to a severe but plausible outcome in relation to the FCA review of motor commissions for the Bank, along with sensitivities to that scenario, and considering the impact on capital headroom. Within these scenarios the directors' also evaluated related risks, including their ability to manage liquidity events, should these occur, and other downsides associated with credit risk.

The directors' have set out their critical judgments in their going concern disclosures.

See section on Going concern below in the audit opinion

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We performed a risk assessment, giving consideration to relevant external and internal factors, including climate change, economic risks, relevant accounting and regulatory developments, as well as the group's strategy. We also considered our knowledge and experience obtained in prior year audits. We continually assessed the risks and updated the scope of our audit where necessary.

The group is structured into three primary components being the Close Brothers Limited Group (also referred to as the Bank), Winterflood Securities and Asset Management. The consolidated financial statements are a consolidation of these components. The Bank is a subgroup of Retail, Commercial and Property business segments.

In establishing the overall approach to the group audit, we determined the type of work that is required to be performed over the components by us, as the group engagement team, or auditors within the PwC network of firms operating under our instruction ('component auditors'). Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. This included regular communication with the component auditors throughout the audit, the issuance of instructions and a review of the results of their work on the key audit matters. Any components which were considered individually financially significant in the context of the group's consolidated financial statements (defined as components which represent more than or equal to 15% of the total profit before tax of the consolidated group) were considered full scope components. We considered the individual financial significance of other components in relation to primary statement account balances. Our scoping also considered the presence of any significant audit risks and other qualitative factors (including history of misstatements through fraud or error). For our group audit, the Bank is the only financially significant component. Specific account balances and disclosures were scoped in for Winterflood Securities and Asset Management based on their financial significance and risk. Certain account balances were audited centrally by the group engagement team mainly where the processes are centralised. The remaining balances and components, in our judgement, did not present a reasonable possibility of a risk of material misstatement either individually or in aggregate. We performed other procedures such as tests of information technology controls and group level analytical review procedures.

## The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. As part of considering the impact of climate change in our risk assessment, we evaluated management's assessment of the impact of climate risk, which is set out in the Sustainability Report, including their conclusion that there is no material impact on the financial statements. In particular, we considered management's assessment of the impact on ECL on loans and advances to customers, being the financial statement line item we determined to be most likely to be impacted by climate risk. Management's assessment gave consideration to a number of matters, including the exposure of underlying portfolios to transition risk. Management's conclusion that there is no material impact is consistent with our audit findings.



**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Financial statements - group	Financial statements - company
<b>Overall materiality</b>	£10.6m (2023: £11.6m).	£13.8m (2023: £12.8m).
<b>How we determined it</b>	5% of 4 year average adjusted PBT (2023: 5% of 3 year average adjusted PBT)	1% of Total Assets.
<b>Rationale for benchmark applied</b>	<p>PBT is a primary measure used by the shareholders in assessing the performance of the group and is a generally accepted benchmark for determining audit materiality.</p> <p>We have determined it appropriate to select the 4 year average adjusted PBT (2023: 3 year average adjusted PBT) as the most appropriate benchmark considering that it normalises the trading performance volatility experienced in recent years across the Group. We have extended this to a 4 year average to incorporate recent years that include this volatility. We have adjusted the PBT used in this assessment to remove the impact of significant one-off items in relation to Novitas in 2023.</p>	We have selected total assets as an appropriate benchmark for company materiality, as it is an investment holding company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £2.3m and £10.1m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £8.0m (2023: £8.7m) for the group financial statements and £10.35m (2023: £9.6m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.5m (group audit) (2023: £0.5m) and £0.5m (company audit) (2023: £0.5m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the Directors' going concern assessment process, including the preparation and approval of the Board approved forecast covering the period of the going concern assessment to December 2025. We evaluated the forecasting method adopted by the Directors in assessing going concern, including considering a severe but plausible downside scenario and sensitivities to that scenario;
- Evaluation of management's financial and regulatory capital forecasts. We checked the mathematical accuracy of the model and evaluated the key assumptions using our understanding of the group and external evidence where appropriate. We used our Prudential Regulatory experts to consider the Bank's risk weighted assets and forecast capital requirement assumptions. We also considered historic budgeting accuracy;
- Evaluating management's assumptions by performing independent stress testing to determine whether a reasonable alternative stressed scenario would result in a breach of the Bank's minimum regulatory requirements;
- Our evaluation included considering the capital capacity projected for the Bank and Group and the ability to absorb a severe but plausible outcome in relation to the FCA review of motor commissions;
- Reviewing management's stress testing of liquidity and evaluation of the impact on liquidity of past stress events. We substantiated the liquid resources held, and liquidity facilities available to the group, for example, with the Bank of England;
- Reviewing correspondence between the group and its regulators to evidence the current regulatory capital position. We met with the PRA during the audit and understood the PRA's perspectives on the group's risks and its capital position; and
- Assessing the adequacy of disclosures in the Going Concern statement in the Consolidated and Company Financial Statements and within the Going Concern section of the Strategic Report and found these to be appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have 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.



### 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 Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2024 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, 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 that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements and the audit

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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 group's and 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 group or 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of laws and regulations principally those determined by the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, UK tax legislation and the Listing Rules of the FCA. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate manual journal entries to manipulate financial performance, management bias in the application of judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries with management, compliance, internal audit and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Evaluating assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the allowance for ECL, certain impairment assessments for non-financial assets and considering the contingent liability for motor commissions;
- Identifying and testing any higher risk journal entries;
- Incorporating unpredictability into the nature, timing and/or extent of our testing; and
- Reviewing key correspondence with the FCA and PRA in relation to compliance with regulatory requirements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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](http://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 obtained 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 company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 17 May 2017 to audit the financial statements for the year ended 31 July 2018 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 July 2018 to 31 July 2024.

### Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

#### **Heather Varley (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
19 September 2024