Condensed Consolidated

Annual Financial Information (Audited) Mizzen Mezzco Limited

Quarter and twelve month period ended December 31, 2015

Premium Credit is the No.1 Insurance Financing Company

Mizzen Mezzco Limited

Registered Number: 08179245

Mizzen Mezzco Limited

Annual Financial Statements

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Mizzen Mezzco Limited

General and Recent Developments

General

This Annual Report should be read in conjunction with the audited Annual Report and Financial Statements of Mizzen Mezzco Limited for the year ended 31 December 2015 included herein which includes an Overview of the Group, Strategic Report and Governance.

Recent Developments

On January 13, 2015, GTCR LLP, the ultimate controlling party at December 31, 2014, announced its intention to dispose of its entire stake in the Group to Cinven Partners LLP ("Cinven") for £462 million. The deal completed on February 27, 2015, the date at which Cinven Partners LLP is determined by the Board to be the ultimate controlling party.

Following the acquisition by Cinven, a corporate restructuring was undertaken and the Board now considers the ultimate parent undertaking to be Pomegranate Topco Limited, which is incorporated in Jersey.

On May 28, 2015 the business submitted its application for full membership to the Financial Conduct Authority ("FCA"). The business is currently waiting for the FCA to review its application for authorisation.

On June 30, 2015 the securitisation facility was extended and amended, reducing the facility from £1.15bn to £1.05bn by the exit of Deutsche Bank and extending the maturity date to September 25, 2018.

On February 27, 2015 Peter Catterall, Maxim Crewe and Anthony Santospirito were appointed as non-executive Directors. On March 5, 2015, Chris Burke was appointed as a non-executive Director. On October 28, 2015 Laurel Powers-Freeling resigned from the Board. A new chairman, Colin Keogh, was appointed Chairman of Premium Credit Limited on October 28, 2015. Andrew Doman, Chief Executive, resigned on the 17 December 2015. On January 11, 2016 David Young was appointed as a non-executive Director. Tom Woolgrove was appointed Chief Executive on 11 January 2016. The biographies of the Directors currently on the Board are shown later in this report.

Use of Non-GAAP Financial Measures

EBITDA

EBITDA-based measures are non-U.K. GAAP measures. The Group uses EBITDA-based measures as internal measures of performance to benchmark and compare performance, both between its own operations and as against other companies. EBITDA-based measures are measures used by the Group, together with measures of performance under U.K. GAAP, to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. The Group believes EBITDA-based measures are useful and commonly used measures of financial performance in addition to operating profit and other profitability measures under U.K. GAAP because they facilitate operating performance comparisons from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, financing and capital structures, taxation positions or regimes and exceptional items, the Group believes EBITDA-based measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Group believes EBITDA-based measures and similar measures are regularly used by the investment community as a means of comparison of companies in the Group's industry. Different companies and analysts may calculate EBITDA-based measures differently, so making comparisons among companies on this basis should be done very carefully. EBITDA-based measures are not measures of performance under U.K. GAAP and should not be considered in isolation or construed as substitutes for operating profit or net profit as an indicator of the Group's operations in accordance with U.K. GAAP.

EBITDA represents profit for the period before taxation, interest payable and similar charges, depreciation and amortisation, goodwill amortisation and amortisation of Securitisation Facility refinancing fees. EBITDA is not specifically defined under, or presented in accordance with, UK GAAP or any other generally accepted accounting principles and you should not consider it as an alternative to profit for the period or any other performance measures derived in accordance with UK GAAP.

Adjusted EBITDA represents EBITDA as adjusted for certain transaction costs, pro forma standalone expenses and one-time information technology and other expenses identified in the tables on page 7, 8 and 9. In evaluating Adjusted EBITDA, we encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemental analysis. You should be aware that, as an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. You should be aware that we may incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Adjusted EBITDA Margin represents Adjusted EBITDA divided by turnover.

Adjusted Post-Securitisation EBITDA represents Adjusted EBITDA as adjusted to exclude any add-back to profit for the period before taxation of interest expense related to the Securitisation Facility. In evaluating Adjusted Post-Securitisation EBITDA, we encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemental analysis. You should be aware that, as an analytical tool, Adjusted Post-Securitisation EBITDA is subject to all of the limitations applicable to EBITDA and Adjusted EBITDA.

Adjusted Post-Securitisation EBITDA Margin represents Adjusted Post Securitisation EBITDA divided by turnover.

Cash conversion represents EBITDA less capital expenditure as a percentage of EBITDA.

Use of Non-GAAP Financial Measures (continued)

Other

In addition to EBITDA-based measures, the Group has included other non-U.K. GAAP financial measures in this report, some of which the Group refers to as “key performance indicators”. The Group believes that it is useful to include these non-U.K. GAAP measures as they are used by the Group for internal performance analysis and the presentation by its business divisions of these measures facilitates comparability with other companies in the Group’s industry, although the Group’s measures may not be comparable with similar measurements presented by other companies. These other non-U.K. GAAP measures should not be considered in isolation or construed as a substitute for U.K. GAAP measures in accordance with U.K. GAAP.

Pro forma net debt (excluding securitisation) represents pro forma total corporate borrowings less cash on the balance sheet excluding SPV cash from the Securitisation Facility (“PCL Cash”).

Pro forma cash interest expense represents cash interest expense excluding interest payable to SPV under the Securitisation Facility and certain associated interest rate hedges. Pro forma cash interest expense (excluding securitisation), has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any period or our financial condition at any future date.

Notice

These annual accounts have been prepared at the level of Mizzen Mezzco Limited.

Conversion to IFRS from UK GAAP

The Group has converted from presenting its financial statements under UK GAAP to IFRS in 2015. The Annual Report and Financial Statements have been prepared under IFRS. To be consistent with Financial Information presented in earlier quarters of 2015, the Management Discussion and Analysis, Consolidated Income Statement, Consolidated Balance Sheet and Consolidated Cash Flow Statement (pages 6 to 16) have been prepared under UK GAAP.

A reconciliation of EBITDA and Profit Before Tax between UK GAAP and IFRS has been presented on page 17 and 18.

Mizzen Mezzco Limited

Management Discussion and Analysis

Principal Activities

We believe we are the leading independent provider of insurance premium and other service fees advances in the UK and Ireland, excluding insurers and independent brokers. We believe we accounted for a majority of total Net Advances excluding advances made by insurers and independent brokers. For the twelve months ended December 31, 2015, the company had 2.2 million customers and achieved gross advances of £3.4 billion, processing 29.3 million direct debits.

The company's principal objective is to provide the best service to its customers and its partners by providing efficient, profitable and successful business solutions. The company aims to achieve sustainable organic growth through offering new products and utilising new technologies, deepening its intermediary relationships and developing opportunities in new markets.

Our results are largely driven by the size of our advances portfolio, the margin between the interest rate at which we make our advances and our cost of borrowing the funds for our advances, our ability to collect amounts due under the advances we make, and, to a lesser extent, our administrative and overhead costs. Our loss rates have historically been low and generally have not had a significant impact on our results. The size of our advances portfolio is primarily driven by our relationships with intermediaries, competition in the insurance premium and service fees market in which we operate, demand for insurance and other services and the availability of funds for the advances.

Highlights for the quarter ended December 31, 2015

The key trading highlights for the Continuing Operations for the quarter ended December 31, 2015 were as follows.

- We have increased the overall size of our net advances by 1.9%, from £785 million for the quarter ended December 31, 2014 to £800 million for the quarter ended December 31, 2015, due to the combination of relationships established with new intermediaries and greater penetration with our existing intermediaries.
- Group turnover increased by £1.9 million, or 6.1%, from £31.4 million for the quarter ended December 31, 2014 to £33.3 million for the quarter ended December 31, 2015. This increase is driven by increased net advances of 1.9%.
- Administrative expenses increased by £3.4 million, from £18.4 million (£0.9 million bad debts / £17.5 million other expenses) for the quarter ended December 31, 2014 to £21.8 million (£2.5 million bad debts / £19.3 million other expenses) for the quarter ended December 31, 2015. This increase is primarily driven by change of ownership cost and our investment in growth with emphasis on enhancing our Information Technology infrastructure and Sales Organisation.
- EBITDA increased by £3.1 million or 17.1% from £18.1 million for the quarter ended December 31, 2014 to £21.2 million in the quarter ended December 31, 2015. Adjusted post-securitisation EBITDA increased £4.6 million or 29.7%. The 6.1% growth in turnover combined with the positive operating leverage of the Group is driving this increase.
- Securitisation funding cost decreased by £0.7 million, or 14.3%, from £4.9 million for the quarter ended December 31, 2014 to £4.2 million for the quarter ended December 31, 2015, as we extended and amended the term of our securitisation facility; with effect from 1 July 2015 the facility has been reduced from £1.15 billion to £1.05 billion following the exit of Deutsche Bank and has been extended to September 25, 2018.

Management Discussion and Analysis (continued)

Highlights for the twelve month period ended December 31, 2015

The key trading highlights for the Continuing Operations for the twelve month period ended December 31, 2015 were as follows.

- We have increased the overall size of our net advances by 3.9% from £3,296 million for the twelve month period ended December 31, 2014 to £3,424 million for the twelve month period ended December 31, 2015, due to the combination of relationships established with new intermediaries and greater penetration with our existing intermediaries.
- Group turnover increased by £8.2 million, or 6.9%, from £118.4 million for the twelve month period ended December 31, 2014 to £126.6 million for the twelve month period ended December 31, 2015. This increase is driven by increased net advances of 3.9%.
- Administrative expenses increased by £16.8 million, from £61.3 million (£4.9 million bad debts / £56.4 million other expenses) for the twelve month period ended December 31, 2014 to £78.1 million (£5.9 million bad debts / £72.2 million other expenses) for the twelve month period ended December 31, 2015. This increase is primarily driven by change of ownership cost and our investment in growth with emphasis on enhancing our Information Technology infrastructure and Sales Organisation.
- EBITDA increased by £2.0 million or 3.0% from £66.7 million for the twelve month period ended December 31, 2014 to £68.7 million for the twelve month period ended December 31, 2015. Adjusted post-securitisation EBITDA increased £15.3 million or 30%. The 6.9% growth in turnover combined with the positive operating leverage of the Group is driving this increase.
- Securitisation funding cost decreased by £6.4 million, or 26.5%, from £24.2 million for the twelve month period ended December 31, 2014 to £17.8 million for the twelve month period ended December 31, 2015, as we extended and amended the term of our securitisation facility; and with effect from 1 July 2015 the facility has been reduced from £1.15 billion to £1.05 billion following the exit of Deutsche Bank and the facility has been extended to September 25, 2018.

Key Financial Results

The tables below shows the Group's key consolidated financial results for the quarters and twelve month periods ended December 31, 2015 and December 31, 2014:

Non-GAAP Measures

Financial Data **(£ in millions, except percentages and ratios)**	**For the quarter ended December 31, 2015** **(unaudited)**	**For the quarter ended December 31, 2014** **(unaudited)**	**Increase / (Decrease)** **(unaudited)**
Turnover	33.3	31.4	1.9
EBITDA	21.2	18.1	3.1
Adjusted EBITDA[a]	24.3	20.4	3.9
Adjusted EBITDA Margin[a]	73.0%	65.0%	8.0%
Adjusted Post-Securitisation EBITDA[b]	20.1	15.5	4.6
Adjusted Post-Securitisation EBITDA Margin[b]	60.4%	49.3%	11.1%
Cash Conversion[c]	83.3%	93.2%	(9.9%)

a. Adjusted EBITDA represents EBITDA as adjusted for certain transaction costs, one-time information technology and other expenses, Adjusted EBITDA margin as a % of Turnover.
b. Adjusted Post-Securitisation EBITDA adjusted for funding costs; Adjusted Post-Securitisation EBITDA margin as a % of Turnover.
c. Free Cash Flow represents Adjusted Post-Securitisation EBITDA – CapEx; Cash conversion as % of Adjusted Post-Securitisation EBITDA.

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Management Discussion and Analysis (continued)

Non-GAAP Measures (continued)

Financial Data **(£ in millions, except percentages and ratios)**	**For the twelve months ended December 31, 2015 (audited)**	**For the twelve months ended December 31, 2014 (audited)**	**Increase / (Decrease) (audited)**
Turnover	126.6	118.4	8.2
EBITDA	68.7	66.7	2.0
Adjusted EBITDA[a]	84.0	75.2	8.8
Adjusted EBITDA Margin[a]	66.4%	63.5%	2.9%
Adjusted Post-Securitisation EBITDA[b]	66.2	50.9	15.3
Adjusted Post-Securitisation EBITDA Margin[b]	52.3%	43.0%	9.3%
Cash Conversion[c]	91.9%	94.4%	(2.5%)

The table below shows the Group's key other financial metrics for the quarters and twelve month periods ended December 31, 2015 and December 31 2014:

Key Performance Indicators **(in millions)**	**For the quarter ended December 31, 2015**	**For the quarter ended December 31, 2014**	**Increase / (Decrease)**
Net Advances[a]	£800.4	£784.5	£15.9
Number of non-cancelled Agreements[b]	0.50	0.50	-
Number of direct debits processed[c]	7.58	7.38	0.20

(a) Represents gross advances net of loans for policies or services that have been cancelled by end customers, or which have been cancelled by the insurance policy or service provider
(b) Consists of loan agreements which are expected to complete to term.
(c) Represents the number of direct debit transactions that we processed during the period.

(in millions)	**For the twelve months ended December 31, 2015**	**For the twelve months ended December 31, 2014**	**Increase / (Decrease)**
Net Advances[a]	£3,423.5	£3,296.3	£127.2
Number of non-cancelled Agreements[b]	2.20	2.14	0.06
Number of direct debits processed[c]	29.32	27.64	1.68

(a) Represents gross advances net of loans for policies or services that have been cancelled by end customers, or which have been cancelled by the insurance policy or service provider
(b) Consists of loan agreements which are expected to complete to term.
(c) Represents the number of direct debit transactions that we processed during the period.

The table below shows the Group's other pro-forma financial data for the twelve months ended December 31, 2015 and December 31, 2014:

(£ in millions, except percentages and ratios)	**For the twelve months ended December 31, 2015 (audited)**	**For the twelve months ended December 31, 2014 (audited)**	**Increase / (Decrease) (audited)**
Adjusted Post-Securitisation EBITDA (Last 12 months)	66.2	50.9	15.3
Net debt [a]	148.2	164.4	(16.2)
Cash interest expense (excluding securitisation)	13.3	14.0	(0.7)
Ratio of net debt to Adjusted Post-Securitisation EBITDA	2.2x	3.2x	(1.0x)
Ratio of gross debt to Adjusted Post-Securitisation EBITDA	2.9x	3.9x	(1.0x)
Ratio of Adjusted Post-Securitisation EBITDA to cash interest expense (excluding securitisation)	5.0x	3.6x	1.4x

a. Net debt (excluding securitisation) represents gross debt less cash & cash equivalents as of the last day of the mentioned period.

Management Discussion and Analysis (continued)

The following table reconciles profit for the period to EBITDA to Adjusted EBITDA and to Adjusted Post Securitisation EBITDA for the quarters and twelve month periods ended December 31, 2015 and December 31, 2014:

(£ in millions)	For the quarter ended December 31, 2015 (unaudited)	For the quarter ended December 31, 2014 (unaudited)	Increase/ (Decrease) (unaudited)
Profit for the period before taxation	**2.8**	**2.9**	**(0.1)**
Interest payable and similar charges[(a)]	8.7	10.2	(1.5)
Depreciation and amortisation	0.5	0.3	0.2
Securitisation fees	2.2	4.1	(1.9)
Goodwill written off	5.5	-	5.5
Goodwill amortisation	-	0.7	(0.7)
Loss on disposal of fixed assets	0.3	-	0.3
VCP Project[(e)]	1.2	-	1.2
EBITDA	**21.2**	**18.1**	**3.1**
Transaction costs[(b)]	0.2	2.1	(1.9)
One-time information technology and other expenses[(c)]	2.9	0.3	2.6
Adjusted EBITDA	**24.3**	**20.4**	**3.9**
Securitisation interest expense[(d)]	(4.2)	(4.9)	0.7
Adjusted Post-Securitisation EBITDA	**20.1**	**15.5**	**4.6**

a. Includes financing costs of £1.4 million with respect to the Securitisation Facility and £0.4m with respect to Bond financing cost for the quarter ended December 31, 2014, whereas quarter ended December 31, 2015 includes £0.8 million with respect to the Securitisation Facility and £0.3m with respect to Bond financing cost.
b. Represents costs relating to the Acquisition, including consultancy, accounting and legal, other advisory fees and Sponsor expenses.
c. Represents one-time and IT project change costs.
d. Represents interest expense payable to SPV under the Securitisation Facility and is presented on an actual basis.
e. Represents consultancy relating to the Value Creation Plan

(£ in millions)	For the twelve months ended December 31, 2015 (audited)	For the twelve months ended December 31, 2014 (audited)	Increase / (Decrease) (audited)
Profit for the period before taxation	**9.9**	**7.0**	**2.9**
Interest payable and similar charges[(a)]	38.6	50.0	(11.4)
Depreciation and amortisation	1.7	0.9	0.8
Securitisation fees	6.4	4.7	1.7
Currency gain / loss	1.3	1.4	(0.1)
Goodwill amortisation	2.0	2.6	(0.6)
Goodwill written off	5.5	-	5.5
Loss on disposal of fixed assets	0.3	-	0.3
VCP Project[(e)]	3.0	-	3.0
EBITDA	**68.7**	**66.7**	**2.0**
Transaction costs[(b)]	4.6	2.7	1.9
One-time information technology and other expenses[(c)]	10.7	5.7	5.0
Adjusted EBITDA	**84.0**	**75.2**	**8.8**
Securitisation interest expense[(d)]	(17.8)	(24.2)	6.4
Adjusted Post-Securitisation EBITDA	**66.2**	**50.9**	**15.3**

a) Includes financing costs of £5.0 million with respect to the Securitisation Facility and £9.2 million relating to the Mezzanine Finance for the twelve months ended December 31, 2014, whereas twelve months ended December 31, 2015 includes £5.2million with respect to the Securitisation Facility and £15.5m with respect to Bond financing cost.
b) Represents costs relating to the Acquisition, including consultancy, accounting and legal, other advisory fees and Sponsor expenses.
c) Represents one-time and IT project change costs.
d) Represents interest expense payable to SPV under the Securitisation Facility and is presented on an actual basis.
e) Represents consultancy relating to the Value Creation Plan

Management Discussion and Analysis (continued)

Net Debt

Net debt (excluding securitisation) of £148.2 million represents pro forma total corporate borrowings (Senior Notes) of £189.4 million, less £41.2 million of Cash & Cash equivalents (which includes cash held in the SPV) as of December 31, 2015. This shows a decrease of £16.2 million, against £164.4 million as of December 31, 2014 due to higher Cash by £3.5 million and increased liquidity reserve of £2.1 million under the newly extended securitisation facility. In addition on February 27, 2015, £10.6 million of the Senior Notes were redeemed at a premium of 7%.

The net debt to Adjusted Post-Securitisation EBITDA ratio improved to 2.2x for the twelve months ended December 31, 2015 from 3.2x for the twelve months ended December 31, 2014, due to 30.0%, or £15.3 million increase in Adjusted Post-Securitisation EBITDA and the pro forma net debt has decreased by £16.2 million as explained above.

Cash interest expense represents cash interest expense excluding interest payable to SPV under the Securitisation Facility and associated interest rate hedges. Pro forma cash interest expense for the twelve months ended December 31, 2015 was at £13.3 million which is the interest payable on the bond.

The cash interest expense to Adjusted Post-Securitisation EBITDA ratio has increased to 5.0x for twelve months ended December 31, 2015 against 3.6x for the twelve months ended December 31, 2014 driven by increased Adjusted Post-Securitisation EBITDA.

Mizzen Mezzco Limited

Consolidated Income Statement

(£ in millions, except percentages)	For the quarter ended December 31, 2015 (unaudited)	For the quarter ended December 31, 2014 (unaudited)	Increase/ (Decrease) (unaudited)
Group Turnover……………………………………………………………………..	33.3	31.4	1.9
Administrative expenses……………………………………..……………………	(21.8)	(18.4)	(3.4)
Group Operating profit………………………………………..…………………..	**11.5**	**13.1**	**(1.6)**
Interest receivable and similar income………………………………………..	–	–	–
Interest payable and similar charges (a)………………………………………….	(8.7)	(10.2)	1.5
Profit (loss) on ordinary activities before taxation ………………………	**2.8**	**2.9**	**(0.1)**
Tax on profit on ordinary activities ……………………….………………….	(1.0)	1.8	(2.8)
Profit / (loss) for the quarter………………………………………………….	**1.8**	**4.7**	**(2.9)**

a. Includes amortisation of the securitisation facility fees of £0.8 million for the quarter ended December 31, 2015, and £1.4m for quarter ended December 31, 2014.

(£ in millions, except percentages)	For the twelve months ended December 31, 2015 (audited)	For the twelve months ended December 31, 2014 (audited)	Increase/ (Decrease) (audited)
Group Turnover……………………………………………………………………..	126.6	118.4	8.2
Administrative expenses……………………………………..……………………	(78.1)	(61.3)	(16.8)
Group Operating profit………………………………………..…………………..	**48.5**	**57.1**	**(8.6)**
Interest receivable and similar income………………………………………..	–	–	–
Interest payable and similar charges (a)………………………………………….	(38.6)	(50.0)	11.4
Profit / (loss) on ordinary activities before taxation ………………………	**9.9**	**7.0**	**2.9**
Tax on profit on ordinary activities ……………………….………………….	(2.8)	(0.6)	(2.2)
Profit / (loss) for the period………………………………………………….	**7.1**	**6.5**	**0.6**

a. Includes amortisation of the securitisation facility fees of £5.2 million for the period ended December 31, 2015, and £5.0m for period ended December 31, 2014.

Mizzen Mezzco Limited

Consolidated Balance Sheet

(£ in millions)	Notes	As at December 31, 2015 (audited)	As at December 31, 2014 (audited)	Increase/ (Decrease)
Fixed assets…………………………………………				
Intangible assets…………….………………………..	1	5.1	9.5	(4.4)
Tangible assets……………………………………….	2	3.2	3.0	0.2
Total fixed assets…………………….……………..		**8.3**	**12.4**	**(4.1)**
Current assets………………………………………				
Debtors………………………………………………...	3	1457.7	1390.3	67.4
Cash at bank and in hand…………………………..	4	48.0	57.2	(9.2)
Deferred tax…………………………...………………	5	0.4	0.4	-
Total current assets……………………………….		**1,506.1**	**1,447.8**	**58.3**
Creditors: amounts falling due within one year...		**(435.1)**	**(414.2)**	**(20.9)**
Of which:				
Trade creditors……………………………….……..	6	(403.8)	(387.6)	(16.2)
Amounts owed to group undertakings……………...	7	(10.9)	(9.3)	(1.6)
Corporation Tax………………………………………	8	(1.8)	(0.1)	(1.7)
Other taxation and other social security……………	9	(0.9)	(0.6)	(0.3)
Other creditors………………………………………	10	–	(0.5)	0.5
Accruals and deferred income………………………...	11	(17.7)	(16.1)	(1.6)
Creditors: amounts falling due after more than one year	12	**(1,134.0)**	**(1,105.9)**	**28.1**
Of which:				
Securitisation notes……………………………………		(952.5)	(914.9)	(37.6)
Senior notes…………………………...………………		(181.5)	(191.0)	9.5
Total assets less total liabilities …………………………		**(54.7)**	**(60.0)**	**5.3**
Capital & Reserves				
Share capital…………………………………………….		44.5	32.9	11.6
Profit & loss………………………………………………		(99.2)	(92.9)	(6.3)
Total Shareholders' Funds …………………………		**(54.7)**	**(60.0)**	**5.3**

1. Intangible Assets

Intangible assets consist of (i) Goodwill at a net cost of £nil as at December 31, 2015 and £7.5 million as at December 31, 2014. Goodwill of £13.2 million arose on the acquisition of PCL by GTCR in October 2012 and was being amortised over five years starting from November 2012. The unamortised balance was written off in 2015 following the acquisition by Cinven in February 2015; and (ii) Capitalised software costs of £5.1 million relating to internally generated software, projects include Channel Experience, Payments Platform and Customer Relationship Manager.

Consolidated Balance Sheet (continued)

2. Tangible Assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. All tangible fixed assets are depreciated on a straight-line basis by reference to their estimated useful life. Leasehold improvements are written off over the period of the lease. Tangible assets were at a net cost of £3.0 million as at the December 31, 2014, and increased to £3.2 million as at December 31, 2015. The increase of £0.2 million is driven by additions relating to non-recurring upgrades and investments to our existing information technology infrastructure platform offset by the depreciation charge in the year.

3. Debtors

Debtors consist of trade debtors after deduction of provision for irrecoverable debts, unearned income and adding back prepayments. Debtor balance as of December 31, 2014 was at £1,390.3 million (Trade debtors £1,386.3 million/Loan Loss (£2.7 million) /Prepayments £6.7) which has increased by £67.4 million to £1,457.7 million (Trade debtors £1,453.8 million/Loan Loss (£3.8 million) /Prepayments £7.7 million) as of December 31, 2015. This increase is mainly related to the increase in net advances in the year.

4. Cash at Bank and in Hand

Cash at bank and in hand of £48.0 million represents SPV cash from the Securitisation Facility of £16.8 million (which includes £6.8 million of other servicing fees/interest and £10.0 million of liquidity reserve) and unencumbered cash of £31.2 million as at December 31, 2015, against £57.2 million as at December 31, 2014 represented by SPV cash of £29.5 million (which includes £20.4 million of prefunding, £1.2 million of other servicing fees/interest, £7.9 million of liquidity reserve) and other unencumbered cash of £27.7 million.

5. Deferred Tax

Deferred Tax was £0.4 million as of December 31, 2014 and 2015. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

6. Trade Creditors

Trade Creditors of £387.6 million as of December 31, 2014 increased by £16.2 million to £403.8 million as of December 31, 2015. This increase is mainly due to the increase in business volumes originated.

7. Amount owed to group undertakings

The amounts owed to group undertakings as at December 31, 2014 represent the outstanding interest due to Mizzen Topco S.C.A., which was transferred to Pomegranate Acquisitions Limited as part of the liquidation of the Luxembourg based group companies and makes up the balance at December 31, 2015.

Consolidated Balance Sheet (continued)

8. Corporation Tax

Corporation tax of £0.1 million as of December 31 2014 has increased to £1.8 million as of December 31, 2015.

9. Other taxation and other social security

Other taxation and other social security consist of other taxes payable mainly including payroll related taxes, and increased from £0.6 million to £0.9 million.

10. Other Creditors

Other creditors as of December 31, 2015 were £nil, against £0.5 million as at December 31, 2014. Other creditors consist of other accounts payable and other current liabilities.

11. Accruals and deferred income

Accruals and deferred income balance as of December 31, 2014 was £16.1 million, which increased by £1.6 million to £17.8 million as of December 31, 2015. This increase relates to additional overhead accruals driven by the growing business, which includes ongoing consultancy work and investment in software development.

12. Creditors: amounts falling due after more than one year

Creditors falling due after more than one year consist of Securitisation Notes of £952.5 million and Senior Notes for £189.4 million as at December 31, 2015 which are stated as £181.5 million after netting the unamortised bond set up costs of £7.9 million. The Securitisation notes relate to external funding provided to the group through a Special Purpose Vehicle, PCL Funding I Limited. The SPV has a Sterling denominated term note which is fixed up to 25th September 2018.

Securitisation notes relate to external variable rate funding provided to the group through a Special Purpose Vehicle, PCL Funding I Limited. The SPV has a Sterling denominated Variable Note Issuance Programme in place. The notes are repaid or issued as the underlying assets decrease or increase. The note holders receive interest and receive or pay principal on a weekly basis. The drawdown amount on the Securitisation facility was at £952.5 million as at December 31, 2015, against £914.9 million as at December 31, 2014. The upward movement of £37.6 million primarily relates to the movements in the underlying assets.

Mizzen Mezzco Limited

Consolidated Cash Flow Statement

(£ in millions)	For the quarter ended December 31, 2015 (unaudited)	For the quarter ended December 31, 2014 (unaudited)	Change
Net cash inflow from operating activities…………………………………….	40.9	25.3	15.6
Net cash (outflow) from returns on investments and servicing of finance…..	(10.6)	(13.1)	2.5
Taxation……………………………………………………………………………….	(0.3)	(1.7)	1.4
Net cash (outflow) for capital expenditure and financial investment………..	(3.7)	(3.1)	(0.6)
Acquisitions and disposals…………………………………………………………….	–	–	–
Net cash (outflow) before use of liquid resources and financing…….	**26.3**	**7.4**	**18.9**
Net cash inflow/ (outflow) from management of liquid resources…………………..	–	–	–
Net cash (outflow)/inflow from financing activities……………………………………	(2.7)	16.4	(19.1)
Effects of foreign exchange…………………………………………………………..	–	0.5	(0.5)
Increase in cash……………………………………………………	**23.6**	**24.2**	**(0.6)**

(£ in millions)	For the twelve months ended December 31, 2015 (audited)	For the twelve months ended December 31, 2014 (audited)	Change
Net cash inflow from operating activities…………………………………….	6.8	12.5	(5.7)
Net cash (outflow) from returns on investments and servicing of finance…..	(49.0)	(139.7)	90.7
Taxation……………………………………………………………………………….	(1.1)	(2.6)	1.5
Net cash (outflow) for capital expenditure and financial investment………..	(5.4)	(4.9)	(0.5)
Acquisitions and disposals…………………………………………………………….			
Net cash (outflow) before use of liquid resources and financing…….	**(48.7)**	**(134.6)**	**85.9**
Net cash inflow/ (outflow) from management of liquid resources…………………..	–	–	–
Net cash inflow/(outflow) from financing activities……………………………………	41.3	150.1	(108.8)
Effects of foreign exchange…………………………………………………………..	(1.8)	(0.2)	(1.6)
(Decrease)/Increase in cash……………………………………………………	**(9.2)**	**15.3**	**(24.5)**

Cash inflow/(outflow) from operating activities

Cash inflow from operating activities for the quarter ended December 31, 2015 increased by £15.6 million, from £25.3 million inflow for the quarter ended December 31, 2014 to £40.9 million inflow for the quarter ended December 31, 2015, primarily as a result of seasonal change in the loan book.

Consolidated Cash Flow Statement (continued)

Cash outflow from operating activities for the twelve months ended December 31, 2015 decreased by £5.7 million, from £12.5 million inflow for the twelve months ended December 31, 2014 to £6.8 million for the twelve months ended December 31, 2015, primarily as a result of seasonal change in the loan book.

Cash inflow/(outflow) from returns on investments and servicing of finance

Cash outflow from returns on investments and servicing of finance for the quarter ended December 31, 2015 was at £10.6 million, which is £2.5 million lower than the quarter ended December 31, 2014. Cash outflow from returns on investments and servicing of finance for the twelve months ended December 31, 2015 was at £49.0 million, which is £90.7 million lower than the twelve months ended December 31, 2014, mainly due to the payment of a dividend in May 2014 of £91.8m.

Taxation

Cash outflow from taxation for the quarter ended December 31, 2015 decreased by £1.4 million due to higher payments being made in 2014. Cash outflow from taxation for the twelve months ended December 31, 2015 decreased by £1.5 million.

Cash inflow/(outflow) for capital expenditure and financial investment

Cash outflow for capital expenditure and financial investment for the quarter ended December 31, 2015 was at £3.7 million against an outflow of £3.1 million for the quarter ended December 31, 2014. Cash outflow for capital expenditure and financial investment for the twelve months ended December 31, 2015 was at £5.4 million against £4.9 million for the twelve months ended December 31, 2014.

Cash inflow/(outflow) from financing activities

Cash outflow from financing activities was £2.7 million for the quarter ended December 31, 2015 compared to an inflow of £16.4 million for the quarter ended December 31, 2014. Cash inflow from financing activities decreased by £108.8 million, from an inflow of £150.1 million for the twelve months ended December 31, 2014 to a £41.3 million inflow for the twelve months ended December 31, 2015. The inflow in 2014 included £200 million raised from the issuance of the High Yield Bond in May 2014, offset by the repayment of the £42.4 million Mezzanine Finance loan and £50.7 million repayment of the intercompany loan principal with Mizzen Topco, together with the redemption of £10.6 million of the High Yield Bond in May 2015.

Reconciliation – UK GAAP to IFRS

(£ in millions)	For the twelve months ended December 31, 2015 (audited)	For the twelve months ended December 31, 2014 (audited)	Change
Profit before tax – UK GAAP	**9.9**	**7.0**	**2.9**
Loss on financial derivative	(0.5)	(10.7)	10.2
Goodwill amortisation	–	2.6	(2.6)
Goodwill written off	(5.7)	–	(5.7)
Other	0.2	(0.3)	0.5
Profit before tax - IFRS	**3.9**	**(1.4)**	**5.3**

The Group has converted from presenting its financial statements under UK GAAP to IFRS in 2015. The Consolidated Financial Statements have been prepared under IFRS. To be consistent with Financial Information presented in earlier quarters of 2015, the Management Discussion and Analysis, Consolidated Income Statement, Consolidated Balance Sheet and Consolidated Cash Flow Statement (pages 6 to 16) have been prepared under UK GAAP.

The adoption of the new standards has resulted in a reduction in profit before tax of £6.0 million in the twelve months ended December 31, 2015 and a reduction of £8.4 million in the twelve months ended December 31, 2014. The key factors driving this are:

Goodwill amortisation and written off

Goodwill of £13.2 million arose on the acquisition of PCL by GTCR in October 2012 and was being amortised over five years starting from November 2012 under UK GAAP resulting in a charge of £2.6 million in the twelve months ended December 31, 2014. Under IFRS goodwill is not amortised and therefore there was no charge in 2014.

The unamortised balance was written off in the twelve months ended December 31, 2015 under both UK GAAP and IFRS, following the acquisition by Cinven in February 2015. The write off was £5.7m smaller under UK GAAP than IFRS due to amortisation having been previously recognised under UK GAAP reducing the net book value of the assets at the point of disposal.

Both the goodwill amortisation and write off are added back as part of the EBITDA calculation and therefore have no impact upon the Group’s EBITDA.

Loss on financial derivative

IFRS requires the interest rate swap to be valued as a financial derivative and recognised on the balance sheet, with the movement in the valuation between periods impacting the profit and loss account. Under UK GAAP this is not a requirement. The impact under IFRS for the twelve months ended December 31, 2014 was a charge of £10.7 million and in the twelve months ended December 31, 2015 a charge of £0.5 million.

This is added back as part of the EBITDA calculation and has no impact upon the Group’s EBITDA.

Reconciliation – UK GAAP to IFRS (continued)

(£ in millions)	For the twelve months ended December 31, 2015 (audited)	For the twelve months ended December 31, 2014 (audited)	Change
EBITDA – UK GAAP	**68.7**	**66.7**	**2.0**
Other	0.4	(0.1)	0.5
EBITDA - IFRS	**69.1**	**66.6**	**2.5**

Description of Certain Financing Arrangements

1. Securitisation Facility

PCL entered into a series of agreements on October 31, 2012 (the "Securitisation Closing Date"), as amended from time to time thereafter, to establish a securitisation facility (the "Securitisation Facility") backed by amounts owing to PCL by its customers ("Receivables") in respect of certain insurance premium and service fee payment products.

General overview

Pursuant to the Securitisation Facility, certain Receivables and any related rights (the "Securitised Assets") are sold and assigned to SPV, a special purpose vehicle established for the purposes of the Securitisation Facility.

The SPV funds its purchase of the Securitised Assets with the proceeds from the issuance of Term Notes and VFNs (together, the "Securitisation Notes") to certain bank lenders (the "Securitisation Note Purchasers") pursuant to a note purchase agreement. Following an amendment on 30 June 2015, the Securitisation Facility (if fully drawn) now has an aggregate limit of £1.05 billion consisting of Term Notes with outstanding note balance of £400 million and VFNs have a note balance of £650 million, which has reduced from the previous limit of £1.15 billion (£400 million Term Note and £750 million VFN). The final legal maturity date of the Securitisation Notes falls in September 2018. As security for the payment of its obligations in respect of the Securitisation Notes, the SPV has granted security over all of its assets including all of its rights in the Securitised Assets and the SPV Accounts (as defined below).

PCL (acting in its capacity as the "Servicer") provides certain collection, administration and reporting services in relation to the Securitised Assets and certain cash management and bank account operation services.

The cash flows generated by the Securitised Assets (the "Collections") are initially collected in bank accounts held by PCL (the "Collection Accounts") and, on a daily basis, the amounts standing to the credit of the Collection Accounts are transferred into accounts held by the SPV (the "SPV Accounts"). On a weekly basis, the SPV (or the Servicer on its behalf) then applies the amounts standing to the credit of the SPV Accounts pursuant to a priority of payments waterfall, to pay or provide for the payment of any interest, principal, fees and other amounts that are due and payable on such date with any surplus Collections being repaid to PCL as deferred purchase price.

Description of Certain Financing Arrangements (continued)

The SPV has no business operations or significant assets or sources of income other than the cash flows of the Securitisation Facility and as such the ability of the SPV to make any payments to the holders of the Securitisation Notes will be dependent upon payments the SPV receives from the Securitised Assets.

2. Senior Notes

The issuer of the 7% Senior Notes is the group company Mizzen Bondco Ltd, an exempted company incorporated with limited liability under the laws of the Cayman Islands. 7% Senior Notes totalling £200 million in aggregate were issued on 8th May 2014 (the “Notes), with a maturity date of 1st May 2021. On February 27, 2015, £10.6 million of the Senior Notes were redeemed at a premium of 7%.

The Notes are fully and unconditionally guaranteed on a senior basis by the Parent Guarantor and the Subsidiary Guarantor.