Condensed Consolidated

Interim Financial Information (Unaudited) Mizzen Mezzco Limited

3 months ended September 30, 2014

Premium Credit is the No.1 Insurance

Mizzen Mezzco Limited

Registered Number: 08179245

Mizzen Mezzco Limited

Quarter 3 2014

Interim Financial Statements

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Mizzen Mezzco Limited

Forward Looking Statements

This report may include forward looking statements. All statements other than statements of historical facts included in this report, including those regarding Mizzen Mezzcoœs financial position, business and acquisition strategy, plans and objectives of management for future operations are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mizzen Mezzco, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

The words ñbelieve,ò ñanticipate,ò ñexpect,ò ñpredict,ò ñintend,ò ñestimate,ò ñplan,ò ñaim,ò ñassume,ò ñforecast,ò ñproject,ò ñwill,ò ñmay,ò ñshould,ò ñrisk,ò ñprobableò and similar expressions, which are predictions or indications of future events and future trends, which do not relate to historical matters, identify forward-looking statements. All statements other than statements of historical facts included in this report including, without limitation, in relation to the Groupœs investment performance, results of operations, financial position, liquidity, prospects, growth potential, strategies and information about the macro-economic, industry and regulatory environment in which the Group operates are forward-looking. Readers of this report should not rely on forward-looking statements because, by their nature, such forward-looking statements involve known and unknown risks and uncertainties that could cause the Groupœs actual results, performance or achievements and the development of the industry in which it operates to be materially different from those expressed in, or suggested by, the forward-looking statements contained in this report.

These forward-looking statements are made as of the date of this report and are not intended to give any assurance as to future results. Neither the Group nor any of the Groupœs Directors or other officers undertakes any obligation, except as required by law or by any appropriate regulatory authority, to report publicly any revisions or updates to these forward-looking statements to reflect events that occur, circumstances that arise or new information of which they become aware after the date of this report.

Mizzen Mezzco Limited

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 table below. 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 Pro Forma 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 Pro Forma 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 Pro Forma Post-Securitisation EBITDA is subject to all of the limitations applicable to EBITDA and Adjusted EBITDA.

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Use of Non-GAAP Financial Measures (continued)

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

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

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. For a discussion of certain of the Group's key performance indicators, see "Overview for the Quarter".

Pro forma net debt (excluding securitisation) represents pro forma total corporate borrowings less PCL Cash.

Pro forma cash interest expense represents cash interest expense excludes 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 interim accounts have been prepared at the level of Mizzen Mezzco Limited.

Mizzen Mezzco Limited

Management Report

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, where we believe we accounted for a majority of total Net Advances excluding advances made by insurers and independent brokers. For the past twelve months ended September 30, 2014, the company has 2.1 million customers and achieved gross advances of £3.8 billion, processing 27.2 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.

Highlights for the Quarter

The key trading highlights for the Continuing Operations for the quarter ended September 30, 2014 were as follows:

- We have increased the overall size of our net advances by 6.6%, from £887.3 million for the quarter ended September 30, 2013 to £946.2 million for the quarter ended September 30, 2014, due to the combination of relationships established with new intermediaries and greater penetration with our existing intermediaries.
- Group turnover increased by £2.1 million, or 7.3%, from £28.5 million for the quarter ended September 30, 2013 to £30.6 million for the quarter ended September 30, 2014. This increase is due to increased net advances by 6.6% and increased cost recovery for specific activities through new fee initiatives.
- Administrative expenses increased by £3.2 million, or 29.3%, from £11.1 million (£0.7m bad debts / £10.4m other expenses) for the quarter ended September 30, 2013 to £14.3 million (£1.1m bad debts / £13.2m other expenses) for the quarter ended September 30, 2014. This increase is primarily driven by our investment in growth with emphasis on enhancing our Information Technology infrastructure and Sales Organisation. This Investment in the third quarter leading to increased operating expenses will drive further turnover growth in next quarter.
- Pro forma securitisation funding cost increased by £0.7 million, or 10.3%, from £6.5 million for the quarter ended September 30, 2013 to £7.2 million for the quarter ended September 30, 2014, mainly due to unrealised currency losses of £0.6m booked during the quarter ended September 30, 2014.
- The Business extended the term of its £1.15 billion securitisation facility at the end of September 2014 to September 2017. As part of this, the business took advantage of the favourable capital market environment and reduced the cost of the facility by £7.3 million annually.

Mizzen Mezzco Limited

Management Report (continued)

Key Financial Results

The tables below show the Group's key consolidated financial results for the three months ended September 30, 2014 and September 30, 2013:

Non-GAAP Measures

Pro Forma Financial Data

(£ in millions, except percentages and ratios)	For the quarter ended September 30, 2013 (unaudited)	For the quarter ended September 30, 2014 (unaudited)	Increase / (Decrease) (unaudited)
Turnover	28.5	30.6	2.1
EBITDA	18.3	17.2	(1.1)
Adjusted EBITDA	19.4	18.6	(0.8)
Adjusted EBITDA Margin	68.0%	60.9%	(7.1%)
Adjusted Pro Forma Post-Securitisation EBITDA	12.9	11.4	(1.4)
Adjusted Pro Forma Post-Securitisation EBITDA Margin	45.2%	37.4%	(7.8%)
Cash conversion	99.5%	98.2%	(1.3%)

The table below show the Group's key other financial metrics for the three months ended September 30, 2014 and September 30, 2013:

Key Performance Indicators

(in millions)	For the quarter ended September 30, 2013	For the quarter ended September 30, 2014	Increase / (Decrease)
Net Advances[(A)]	£887.3	£946.2	£58.9
Non-cancelled Agreements[(B)]	0.55	0.59	0.04
Number of direct debits processed[(C)]	6.50	6.99	0.49

(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.

Mizzen Mezzco Limited

Management Report (continued)

The table below shows the Groupφs other pro-forma financial data for the past 12 months ended June 30, 2014 and September 30, 2014:

(£ in millions, except percentages and ratios)	For the quarter ended September 30, 2013 (unaudited)	For the quarter ended September 30, 2014 (unaudited)	Increase / (Decrease) (unaudited)
Pro forma net debt [(a)]...é ..é .	177.6	168.9	(8.7)
Pro forma cash interest expense (excluding securitisation)é é é é é é ..	14.0	14.0	-
Ratio of pro forma net debt to Annualised Adjusted Pro Forma Post-Securitisation EBITDAé é	3.4x	3.7x	0.3x
Ratio of Annualised Adjusted Pro Forma Post-Securitisation EBITDA to pro forma cash interest expense (excluding securitisation) é é é é é é é é é é é ..	3.7x	3.3x	(0.4x)

a. Pro forma net debt (excluding securitisation) represents pro forma gross debt less cash & cash equivalents as of the last day of the quarter.

The following table reconciles profit for the period to EBITDA to Adjusted EBITDA and to Adjusted Post Securitisation EBITDA:

(£ in millions)	For the quarter ended September 30, 2013 (unaudited)	For the quarter ended September 30, 2014 (unaudited)	Increase/ (Decrease) (unaudited)
Profit for the period before taxation	**6.2**	**4.1**	**(2.1)**
Interest payable and similar charges[(a)]	11.2	12.2	1.0
Depreciation and amortisation	0.1	0.2	0.1
Securitisation Refinancing Fees	0.0	0.1	0.0
Goodwill amortisation	0.7	0.7	0.0
EBITDA	**18.3**	**17.2**	**(1.1)**
Transaction costs[(b)]	0.3	0.3	0.0
Pro Forma standalone expenses	-	-	-
One-time information technology and other expenses[(c)]	0.8	1.1	0.3
Adjusted EBITDA	**19.4**	**18.6**	**(0.8)**
Pro forma Securitisation interest expense[(d)]	(6.5)	(7.2)	(0.7)
Adjusted Pro Forma Post-Securitisation EBITDA	**12.9**	**11.4**	**(1.4)**

a. Includes financing costs of £1.2 million with respect to the Securitisation Facility and Bond financing costs of £0.4 million for the quarter ended September 30, 2014, whereas prior year includes £1.0 million of Securitisation facility cost and £0.2 million of Mezzanine finance cost.

b. Represents costs relating to the Acquisition, including consultancy, accounting and legal and other advisory fees.

c. Represents one-time and costs associated with the SEPA implementation.

d. Represents interest expense payable to SPV under the current Securitisation Facility which for the quarter ended September 30, 2013 is presented on estimates based on an assumed level of borrowings and calculated at the rate applicable following refinancing of the Securitisation Facility in November 2013. Interest expense for the quarter ended September 30, 2014 is presented on an actual basis.

Pro Forma Net Debt

Pro forma net debt (excluding securitisation) of £168.9 million represents pro forma total corporate borrowings (Senior Notes) of £200 million, less £31.1 million of Cash & Cash equivalents as of September 30, 2014. This shows a decrease of £8.7 million, against £177.6 million as of September 30, 2013 due to higher Cash of £1.1 million and increased liquidity reserve of £7.6 million under the newly extended securitisation facility.

The pro forma net debt to Annualised Adjusted Pro Forma Post-Securitisation EBITDA ratio is increased to 3.7x for the quarter ended September 30, 2014 from 3.4x for the quarter ended September 30, 2013, due to 11%, or £5.7 million lower Annualised Adjusted Pro Forma Post-Securitisation EBITDA. Also the pro forma net debt has decreased by £8.7 million.

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 for the quarter ended September 30, 2014 was at £3.5 million. The annual cash interest expense is £14 million, representing 7% interest on Senior Notes of £200 million.

The pro forma cash interest expenses to Adjusted Pro Forma Post-Securitisation EBITDA ratio is decreased to 3.3x for quarter ended September 30, 2014 against prior year quarter ended September 30, 2014 ratio of 3.7x, driven by 11% lower Adjusted Pro Forma Post-Securitisation EBITDA during these periods.

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Consolidated Income Statement

(£ in millions, except percentages)	For the quarter ended September 30, 2013	For the quarter ended September 30, 2014	Increase/ (Decrease)
	(unaudited)	(unaudited)	(unaudited)
Group Turnover…………………………………………………………………….	28.5	30.6	2.1
Administrative expensesé é é é é é é é é é é é é ..é é é é é é é é .	(11.1)	(14.3)	(3.2)
Group Operating profit………………………………………………………..	**17.4**	**16.2**	**(1.2)**
Interest receivable and similar incomeé é é é é é é .é é é é é é é é .	ï	ï	ï
Interest payable and similar chargesé é é é é é é é é é é é é é é é .	(11.2)	(12.2)	(1.0)
Profit (loss) on ordinary activities before taxation ………………………	**6.2**	**4.1**	**(2.1)**
Tax on profit on ordinary activities é é é é é é é é é .é é é é é é é é .	(2.1)	(1.2)	0.9
Profit / (loss) for the quarter…………………………………………………	**4.1**	**2.8**	**(1.3)**

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Consolidated Balance Sheet

(£ in millions)	For the quarter ended September 30, 2013	For the quarter ended September 30, 2014	Increase/ (Decrease)
	(unaudited)	(unaudited)	(unaudited)
Fixed assets			
Intangible assets	10.7	8.1	(2.6)
Tangible assets	1.0	2.2	1.2
Total fixed assets	**11.7**	**10.3**	**(1.4)**
Current assets			
Debtors	1,359.0	1,455.3	96.3
Cash at bank and in hand	51.8	32.1	(19.7)
Deferred tax	0.5	0.4	(0.1)
Total current assets	**1,411.3**	**1,487.8**	**76.5**
Creditors: amounts falling due within one year	**(960.8)**	**(962.7)**	**(1.8)**
Of which:			
Trade creditors	(379.4)	(433.4)	(54.0)
Securitisation notes	(481.5)	(500.3)	(18.8)
Amounts owed to group undertakings	(87.4)	(9.3)	78.0
Corporation Tax	(2.7)	(3.2)	(0.5)
Other taxation and other social security	(0.4)	(0.5)	0.0
Other creditors	(1.4)	(1.2)	0.2
Accruals and deferred income	(8.1)	(14.8)	(6.7)
Creditors: amounts falling due after more than one year	**(441.8)**	**(600.0)**	**(158.2)**
Of which:			
Mezzanine finance loan	(41.8)	-	41.8
Securitisation notes	(400.0)	(400.0)	-
Senior notes	-	(200.0)	(200.0)
Total assets less total liabilities	**20.3**	**(64.5)**	**(84.9)**
Capital & Reserves			
Share capital	(32.9)	(32.9)	-
Profit & loss	12.6	97.5	84.9
Total Shareholders' Funds	**(20.3)**	**64.5**	**84.9**

Intangible Assets

Intangible assets consist of Goodwill at a net cost of £10.7 million as at September 30, 2013 and £8.1 million as at September 30, 2014, reduced for accumulated amortisation. The book value of Goodwill is £13.2 million arising on the acquisition of PCL by GTCR in October 2012 and it is being amortised over five years starting from November 2012.

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 £1.0 million as at the September 30, 2013, and increased to £2.2 million as at September 30, 2014. The increase of £1.2 million is driven by non-recurring upgrades and investments to our existing information technology infrastructure platform.

Debtors

Debtors consist of Trade debtors after deduction of provision for irrecoverable debts, unearned income and adding back prepayments. Debtor balance as of September 30, 2013 was at £1,359 million (Trade debtors £1,410.5m / provision for irrecoverable debts £3.5m / unearned income £61.3m / prepayments of £13.3m), which is increased by £96.3 million to £1,455.3 million (Trade debtors £1,503.8m / provision for irrecoverable debts £3.0m / unearned income of £66.1m / prepayments of £20.6m) as of September 30, 2014. This increase is mainly related to higher trade debtors & prepayments.

Cash at Bank and in Hand

Cash at bank and in hand of £32.1m represents SPV cash from the Securitisation Facility of £8.9 million and PCL Cash of £23.2 million as at September 30, 2014, against £51.8m as at September 30, 2013 represented by SPV cash of £29.8 million and PCL cash of £22.0 million.

Deferred Tax

Deferred Tax reduced from £0.5 million as at September 30, 2013 to £0.4 million as at September 30, 2014. 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.

Trade Creditors

Trade Creditors of £379.4 million as of September 30, 2013 increased by £54.0 million to £433.4 million as of September 30, 2014. This increase is mainly due to volumes and business mix.

Securitisation Notes

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 variable drawdown amount on the Securitisation facility was at £500.3 million as at September 30, 2014, against £481.5 million as at September 30, 2013. The upward movement of £18.8 million primarily relates to the movements in the underlying assets.

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Consolidated Balance Sheet (continued)

Amount owed to group undertakings

The amounts owed to group undertakings represent the outstanding interest of £9.3 million as of September 30, 2014, due to Mizzen Topco S.C.A, the immediate parent company, and showing a decrease of £78 million against the balance of £87.4 million as of September 30, 2013 as this intercompany loan principal was repaid during May 2014.

Corporation Tax

Corporation tax of £2.7 million as of September 30, 2013 decreased to £3.2 million as of September 30, 2014. The movement of £0.5 million is driven by changes in tax rates and payment on account.

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 £0.4 million to £0.5 million.

Other Creditors

Other creditors as of September 30, 2014 were £1.2 million, against £1.4 million as at September 30, 2013. Other creditors consist of other accounts payable and other current liabilities.

Accruals and deferred income

Accruals and deferred income balance as of September 30, 2013 was £8.1 million, increased by £6.7 million to £14.8 million as of September 30, 2014.

Creditors: amounts falling due after more than one year

Creditors falling due after more than one year consist of Securitisation Notes of £400 million and new Senior Notes for £200 million as at September 30, 2014. 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 for three years up to 31st October 2016. The Mezzanine Finance Loan was repaid during May 2014.

Mizzen Mezzco Limited

Consolidated Cash Flow

(£ in millions)	For the quarter ended September 30, 2013 (unaudited)	For the quarter ended September 30, 2014 (unaudited)	Increase/ (Decrease) (unaudited)
Net cash inflow/ (outflow) from operating activitiesé é é é é é é é é é é é é é .	(29.7)	(52.4)	(22.7)
Net cash inflow/ (outflow) from returns on investments and servicing of financeé ..	(6.7)	(6.7)	0.0
Taxationé .	(2.6)	(0.9)	1.7
Net cash inflow/ (outflow) for capital expenditure and financial investmenté é é ..	(0.1)	(0.2)	(0.1)
Acquisitions and disposalsé .	-	-	-
Net cash inflow/ (outflow) before use of liquid resources and financing…….	**(39.1)**	**(60.2)**	**(21.1)**
Net cash inflow/ (outflow) from management of liquid resourcesé é é é é é é ..	-	-	-
Net cash inflow/ (outflow) from financing activitiesé é é é é é é é é é é é é é	54.3	61.3	7.0
Effects of foreign exchangeé ..	-	0.3	0.3
Increase/ (Decrease) in cash……………………………………………………………	**(15.2)**	**1.4**	**(13.8)**

Consolidated Cash Flow

Cash inflow/(outflow) from operating activities

Cash outflow from operating activities for the quarter ended September 30, 2014 increased by £22.7 million, from £29.7 million for the quarter ended September 30, 2013 to £52.4 million of outflow for the quarter ended September 30, 2014, primarily as a result of seasonal increase in our 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 September 30, 2014 was at £6.7 million, which remains unchanged from the quarter ended September 30, 2013, with the increased facility utilisation being offset by more favourable terms.

Taxation

Cash outflow from taxation reduced by £1.7 million due a lower payment on account made in July 2014 than in July 2013.

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

Cash outflow for capital expenditure and financial investment for the quarter ended September 30, 2014 was at £0.2 million against £0.1 million for the quarter ended September 30, 2013.

Cash inflow/(outflow) from financing activities

Cash inflow from financing activities increased by £7.0 million, from the inflow of £54.3 million for the quarter ended September 30, 2013 to inflow of £61.3 million for the quarter ended September 30, 2014, as the business utilised its securitisation facility to support the increased receivables book.

Basis of Preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going Concern

The directors have assessed the ability of the entity to operate as a going concern based on the conclusions drawn with respect to financial, interest rate, credit, liquidity, foreign exchange, regulatory and compliance, and operational risks, as outlined in the strategic report. As such, these accounts have been prepared on a going concern basis.

Turnover and Revenue Recognition

Turnover represents finance charge income earned during the year net of payments and other incentives payable to intermediaries. Turnover was predominantly derived from activities in the United Kingdom. The whole of the finance income of each finance agreement is recognised over the period of the underlying agreement using the sum of digits methodology. Income is deferred by reference to the number of days remaining outstanding on each agreement at the balance sheet date.

Interest Receivable and Payable

Interest receivable and payable are recognised in the profit and loss account on an accruals basis. Interest receivable represents amounts due from Vendcrown Ltd on intercompany loans and from interest on bank balances. Interest expense is the amount due on external finance. The interest costs incurred have been charged to the profit and loss account on an accruals basis.

Bad and Doubtful Debts

The company maintains a provision for bad and doubtful debts at an amount sufficient to absorb losses inherent in the company's loans and advances to customers, based on a projection of net credit losses. The provision is calculated based upon the projected incurred losses from the extant book over the next 12 months. The model uses historic performance in three key areas to project future losses. These are defaults, write offs and recoveries.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation and any provision for impairment in value. Cost includes the original purchase price of the intangible asset and the costs attributable to bringing the intangible asset to its working condition for its intended use. Impairment reviews are conducted to ensure the recoverability of the carrying amount of the intangible assets. Intangible fixed assets are amortised on a straight line basis over the anticipated life of the underlying asset or rights acquired, presently 3 years.

Tangible Fixed 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. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recovered. All tangible fixed assets are depreciated on a straight-line basis by reference to their estimated useful life. This is a period of 3 to 5 years for vehicles and other equipment. Leasehold improvements are written off over the period of the lease.

Pension Costs

The company participates in a defined contribution pension scheme operated by an independent fund manager. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the company.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax in the future, with the following two exceptions:

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences between the translated transactions and subsequent cash settlements, or related translated balances, are taken to the profit and loss account.

The balance sheets for foreign operations are consolidated at the rate of exchange ruling at the balance sheet date. The profit and loss accounts are consolidated using the average rate for the year.

The exchange differences arising on the retranslation of opening net assets are taken directly to reserves.

Operating Leases

Operating lease costs are charged to the profit and loss account on a straight-line basis over the lease term.

Segmental Reporting

The company operates in one class of business, namely the financing of insurance premiums and instalment services, and in one geographical area, the European Union. Accordingly, a segmental analysis of the company's business is not provided.