Condensed Consolidated

Interim Financial Information (Unaudited) Mizzen Mezzco Limited

**3 months ended March 31, 2014**

**Premium Credit is the** No.1 Insurance

Mizzen Mezzco Limited

**Registered Number: 08179245**

**Mizzen Mezzco Limited**

**Quarter One 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 Mezzco's 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 "believe," "anticipate," "expect," "predict," "intend," "estimate," "plan," "aim," "assume," "forecast," "project," "will," "may," "should," "risk," "probable" 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 Group's 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 Group's 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 Group's 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.

# Mizzen Mezzco Limited

## 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 last twelve months ended March 31, 2014, the company has 2.0 million customers and achieved gross advances of £3.7 billion, processing 26.2 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 March 31, 2014 were as follows:

- Quarter ended March 31, 2014 has seen a continuation of the company's solid financial performance since acquisition by GTCR. Adjusted pro forma post-securitisation EBITDA of £11.5 million increased by £0.8 million, or 7.8% over the quarter ended March 31, 2013, with the business continuing to generate a healthy cash flow. The main driver of profit growth has been the acquisition of new broker relationships and increased penetration within the existing intermediary base.
- In the quarter ended March 31, 2014 we increased the overall size of our net advances by 3.3%, from £733 million for the quarter ended March 31, 2013 to £757 million for the quarter ended March 31, 2014.
- Group turnover increased by £2.2 million, or 8.4%, from £25.7 million for the quarter ended March 31, 2013 to £27.9 million for the quarter ended March 31, 2014. This increase is due to the combination of relationships established with significant new intermediaries, greater penetration with our existing intermediaries and increased fee income.
- Administrative expenses increased by £1.3 million, or 12.0%, from £11.2 million for the quarter ended March 31, 2013 to £12.5 million for the quarter ended March 31, 2014. This increase is primarily due to higher operating cost of £1.1 million, or 14.2%, from £7.5 million for the quarter ended March 31, 2013 to £8.6 million for the quarter ended March 31, 2014 as the Company invests in growth with emphasis on enhancing its Information Technology Infrastructure and Sales Organisation. As a percentage of gross turnover, administrative expenses increased from 43.5% for the quarter ended March 31, 2013 to 45.0% for the quarter ended March 31, 2014.
- Pro forma securitisation funding cost increased by £0.3 million, or 4.6%, from £6.1 million for the quarter ended March 31, 2013 to £6.3 million for the quarter ended March 31, 2014. This increase is due to increase in drawn funds resulting from additional volumes.
- Tax on profit on ordinary activities decreased by £0.4 million from £2.0 million for the quarter ended March 31, 2013 to £1.6 million for the quarter ended March 31, 2014, related to the timing of year-end tax adjustments.

### Key Financial Results

The tables below show the Group's key consolidated financial results for the three months ended March 31, 2014 and March 31, 2013:

### Non-GAAP Measures

### Pro Forma Financial Data:

| (£ in millions, except percentages and ratios) | For the quarter ended March 31, 2013 (unaudited) | For the quarter ended March 31, 2014 (unaudited) | Increase / (Decrease) (unaudited) |
|---|---|---|---|
| EBITDA | 15.5 | 16.3 | 0.8 |
| Adjusted EBITDA | 16.7 | 17.8 | 1.1 |
| Adjusted EBITDA Margin | 65.1% | 64.0% | (1.1%) |
| Adjusted Pro Forma Post-Securitisation EBITDA | 10.7 | 11.5 | 0.8 |
| Adjusted Pro Forma Post-Securitisation EBITDA Margin | 41.5% | 41.3% | (0.2%) |
| Cash conversion | 99.9% | 88.5% | (11.4%) |

The table below show the Group's key other financial metrics for the three months ended March 31, 2014 and March 31, 2013:

### Key Performance Indicators:

| (in millions) | For the quarter ended March 31, 2013 | For the quarter ended March 31, 2014 | Increase / (Decrease) |
|---|---|---|---|
| Net Advances[A] | £733 | £757 | £24 |
| Non-cancelled Agreements[B] | 0.48 | 0.50 | 0.02 |
| Number of direct debits processed[C] | 6.1 | 6.5 | 0.4 |

(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 show the Group's other pro-forma financial data as at March 31, 2014 and December 31, 2013:

| (£ in millions, except percentages and ratios) | For the year ended December 31, 2013 (unaudited) | For the 12 months ended March 31, 2014 (unaudited) | Increase / (Decrease) (unaudited) |
|---|---|---|---|
| Pro forma net debt.......................................... | 183.5 | 173.6 | (9.9) |
| Pro forma cash interest expense (excluding securitisation)...................... | 14.0 | 14.0 | - |
| Ratio of pro forma net debt to Adjusted Pro Forma Post-Securitisation EBITDA......................................................................... | 3.9x | 3.6x | (0.3)x |
| Ratio of Adjusted Pro Forma Post-Securitisation EBITDA to pro forma cash interest expense (excluding securitisation) ............................... | 3.4x | 3.4x | - |

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

| (£ in millions) | For the quarter ended March 31, 2013 (unaudited) | For the quarter ended March 31, 2014 (unaudited) | Increase/ (Decrease) (unaudited) |
|---|---|---|---|
| **Profit for the period before taxation** ........................................................... | **4.1** | **5.1** | **1.0** |
| Interest payable and similar charges(A)............................................................ | 10.4 | 10.3 | (0.1) |
| Depreciation and amortisation.......................................................................... | 0.3 | 0.2 | (0.1) |
| Securitisation Refinancing Fees....................................................................... | 0.1 | 0.2 | 0.1 |
| Goodwill amortisation....................................................................................... | 0.7 | 0.7 | 0.0 |
| **EBITDA**........................................................................................................ | **15.5** | **16.3** | **0.8** |
| Transaction costs(B)......................................................................................... | 0.2 | 0.2 | 0.0 |
| Pro Forma standalone expenses ...................................................................... | - | - | - |
| One-time information technology and other expenses(C).................................. | 1.1 | 1.4 | 0.3 |
| **Adjusted EBITDA**.......................................................................................... | **16.7** | **17.8** | **1.1** |
| Pro forma Securitisation interest expense(D) .................................................... | (6.1) | (6.3) | (0.3) |
| **Adjusted Pro Forma Post-Securitisation EBITDA** ........................................ | **10.7** | **11.5** | **0.8** |

(A) Includes financing costs of £1.0 million with respect to the Securitisation Facility and financing costs of £0.2 million with respect to the Mezzanine Facility for both the quarters ended March 31, 2013 and 2014.

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

(C) Represents one-time expenses including (i) information technology expenses in the quarters ended March 31, 2013 and 2014 made in connection with one-time upgrades, consulting expenses and marketing initiatives; and (iii) one-time expenses incurred in the quarter ended March 31, 2013 and the quarter ended March 31, 2014, in connection with the segregation of the accounting stream for our Securitisation Facility, data security measures and the updating of credit agreements. (iv) IT Convert & Add Roadmap programme expenses of £0.7 million.

(D) Represents interest expense payable to SPV under the current Securitisation Facility which for the quarter ended March 31, 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 March 31, 2014 is presented on an actual basis.

**Pro Forma Net Debt**

Pro forma net debt (excluding securitisation) of £173.6 million represents pro forma total corporate borrowings (Notes) of £200 million, less £26.4 million of PCL Cash as of March 31, 2014. This is reduced by £9.9 million, from £183.6 million as of December 31, 2013 due to higher PCL cash of £10.4 million, partially offset by lower liquidity reserve of £0.5 million.

The pro forma net debt to Adjusted Pro Forma Post-Securitisation EBITDA ratio is decreased to 3.6x as of March 31, 2014 from 3.9x as of December 31, 2013, due to a 1.8%, or £0.8 million increase in Adjusted Pro Forma Post-Securitisation EBITDA for the 12 months ended March 31, 2014 against the year ended December 31, 2013 and the PCL cash & liquidity reserve increasing by £9.9 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 March 31, 2014 was at £3.5 million. The annual cash interest expenses are at £14 million, being 7% interest on Notes of £200 million.

The pro forma cash interest expenses to Adjusted Pro Forma Post-Securitisation EBITDA ratio is unchanged at 3.4x for the last 12 months ended March 31, 2014 from the year ended December 31, 2013.

## Mizzen Mezzco Limited

### Consolidated Income Statement

| (£ in millions, except percentages) | For the quarter ended March 31, 2013 (unaudited) | For the quarter ended March 31, 2014 (unaudited) | % Increase/ (Decrease) (unaudited) |
|---|---|---|---|
| **Group Turnover…………………………………………………………………..** | 25.7 | 27.9 | 8.4% |
| Administrative expenses………………………………….……………………. | (11.2) | (12.5) | 12.0% |
| **Group Operating profit………………………………….……………………..** | **14.5** | **15.3** | **5.6%** |
| Interest receivable and similar income…………………..…………………. | – | – | – |
| Interest payable and similar charges…………………………………………. | (10.4) | (10.3) | (1.3)% |
| **Profit (loss) on ordinary activities before taxation …** | **4.1** | **5.1** | **23.2%** |
| Tax on profit on ordinary activities ……………………….……………….…. | (2.0) | (1.6) | (20.8)% |
| **Profit for the quarter …………………………………….……………….…** | **2.1** | **3.5** | **64.4%** |

## Mizzen Mezzco Limited

### Consolidated Balance Sheet

| (£ in millions) | For the quarter ended March 31, 2013 (unaudited) | For the quarter ended March 31, 2014 (unaudited) | Increase/ (Decrease) (unaudited) |
|---|---|---|---|
| **Fixed assets……………………………………….** | | | |
| Intangible assets…………….……………………….. | 12.1 | 9.4 | (2.7) |
| Tangible assets……………………………………….. | 1.1 | 2.2 | 1.1 |
| **Total fixed assets……………………..…………..** | **13.2** | **11.7** | **(1.6)** |
| **Current assets…………………………….……….** | | | |
| Debtors………………………………………………... | 1,249.7 | 1,288.9 | 39.1 |
| Cash at bank and in hand………………………….. | 38.0 | 35.4 | (2.6) |
| Deferred tax | 0.5 | 0.4 | (0.1) |
| **Total current assets……………………………….** | **1,288.3** | **1,324.7** | **36.4** |
| **Creditors: amounts falling due within one year...** | **(846.3)** | **(866.0)** | **(19.7)** |
| *Of which:* | | | |
| Trade creditors……………………………………….. | (395.5) | (408.5) | (13.0) |
| Securitisation notes………………………………….. | (345.1) | (386.0) | (41.0) |
| Amounts owed to group undertakings…………….. | (94.4) | (59.6) | 34.8 |
| Corporation Tax………………………………………. | (2.0) | (3.9) | (1.9) |
| Other taxation and other social security……………. | (0.5) | (0.6) | (0.1) |
| Other creditors………………………………………. | (1.4) | (1.0) | 0.4 |
| Accruals and offered income………………………... | (7.5) | (6.3) | 1.1 |
| **Creditors: amounts falling due after more than one year** | **(442.2)** | **(441.4)** | **0.8** |
| *Of which:* | | | |
| Mezzanine finance loan……………………………… | (42.2) | (41.4) | 0.8 |
| Securitisation notes………………………………….. | (400.0) | (400.0) | - |
| **Total assets less total liabilities** …………………………. | **(13.1)** | **(29.0)** | **(16.0)** |
| **Capital & Reserves** …………………………. | **(13.1)** | **(29.0)** | **(16.0)** |
| Share capital……………………………………………. | (32.9) | (32.9) | - |
| Profit & loss……………………………………………. | 19.9 | 3.9 | 16.0 |
| **Total Shareholders' Funds** …………………………. | **(13.1)** | **(29.0)** | **(16.0)** |

### *Intangible Assets*

Intangible assets consist of Goodwill at a net cost of £12.1 million as at March 31, 2013 and £9.4 million as at March 31, 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. Intangible assets also include School Fee Plan Investment of £1.2 million, amortised over three years starting from June, 2010 to May, 2013 and were at £0.01 million at the end of March 31, 2013.

## Mizzen Mezzco Limited

### Consolidated Balance Sheet (continued)

***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 £1.1 million as at the March 31, 2013, and increased to £2.2 million as at March 31, 2014. This increase of £1.1 million is mainly due to non-recurring upgrades and investments to our existing information technology infrastructure and hardware.

***Debtors***

Debtors consist of Trade debtors after deduction of provision for irrecoverable debts, and prepayments. Debtors balance of £1,250 million as of March 31, 2013 increased by £39 million to £1,289 million as of March 31, 2014. This increase is mainly due to higher trade debtors.

***Cash at Bank and in Hand***

Cash at bank and in hand represents SPV cash from the Securitisation Facility of £8.9 million and PCL Cash of £26.5 million as at March 31, 2014, against SPV cash of £8.4 million and PCL cash of £29.6 million as at March 31, 2013.

***Deferred Tax***

Deferred Tax reduced from £0.5 million as at March 31, 2013 to £0.4 million as at March 31, 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 £395.5 million as of March 31, 2013 increased by £13.0 million to £408.5 million as of March 31, 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 £386.0 million as at March 31, 2014, against £345.1 million as at March 31, 2013. The upward movement of £41.0 million primarily relates to the movements in the underlying assets.

***Amount owed to group undertakings***

The amounts owed to group undertakings relate to a balance owed to Mizzen Topco S.C.A, the immediate parent company. The balance owed to group undertakings was at £59.6 million as of March 31, 2014, decreased by £34.8 million from £94.4 million as of March 31, 2013 as the Topco Intercompany loan was repaid.

***Corporation Tax***

Corporation tax of £2.0 million as of March 31, 2013 increased to £3.9 million as of March 31, 2014. The movement of £1.9 million is driven by changes in tax rates, payment on account and yearend tax adjustments normally done in the first quarter of the year.

***Other taxation and other social security***

Other taxation and other social security consist of other taxes payable amounting to £0.6 million as at March 31, 2014 against £0.5 million as at March 31, 2013. These numbers mainly include payroll related taxes.

***Other Creditors***

Other creditors as of March 31, 2014 were £1.0 million, against £1.4 million as at March 31, 2013. Other creditors consist of other accounts payable and other current liabilities.

***Accruals and offered income***

Accruals and offered income balance as of March 31, 2013 was £7.5 million, decreased by £1.1 million to £6.3 million as of March 31, 2014.

***Creditors: amounts falling due after more than one year***

Creditors falling due after more than one year consist of Mezzanine Finance Loan of £41.4 million and Securitisation Notes of £400.0 million as at March 31, 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.

## Mizzen Mezzco Limited

## Consolidated Cash Flow

| (£ in millions) | For the quarter ended March 31, 2013 (unaudited) | For the quarter ended March 31, 2014 (unaudited) | Increase/ (Decrease) (unaudited) |
|---|---|---|---|
| Net cash inflow/ (outflow) from operating activities…………………………………… | 50.7 | 82.2 | 31.5 |
| Net cash inflow/ (outflow) from returns on investments and servicing of finance….. | (9.3) | (8.3) | 1.0 |
| Taxation……………………………………………………………………………………… | 0.0 | - | 0.0 |
| Net cash inflow/ (outflow) for capital expenditure and financial investment……….. | (0.0) | (1.3) | (1.3) |
| Acquisitions and disposals……………………………………………………………… | - | - | - |
| **Net cash inflow/ (outflow) before use of liquid resources and financing…….** | **41.5** | **72.5** | **31.1** |
| Net cash inflow/ (outflow) from management of liquid resources………………… | - | - | - |
| Net cash inflow/ (outflow) from financing…………………………………………….. | (45.1) | (78.7) | (33.7) |
| Effects of foreign exchange……………………………………………………………… | 0.0 | - | 0.0 |
| **Increase/ (Decrease) in cash……………………………….** | **(3.5)** | **(6.1)** | **(2.6)** |

***Cash inflow/(outflow) from operating activities***

Cash inflow/(outflow) from operating activities for the quarter ended March 31, 2014 increased by £31.5 million, or 62.1%, from £50.7 million for the quarter ended March 31, 2013 to £82.2 million for the quarter ended March 31, 2014, primarily as a result of a net cash inflow resulting from a seasonal reduction in the loan book.

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

Cash inflow/(outflow) from returns on investments and servicing of finance for the quarter ended March 31, 2014 was at £8.3 million, which is increased by £1.0 million from £7.4 million for the quarter ended March 31, 2013.

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

Cash inflow/(outflow) for capital expenditure and financial investment for the quarter ended March 31, 2014 was at £1.3 million against £0.01 million for the quarter ended March 31, 2013, primarily as a result of non-recurring upgrades and investments to our existing information technology infrastructure and hardware, which we generally undertake every three to five years.

**Cash inflow/(outflow) from financing activities**

Cash inflow/(outflow) from financing activities decreased by £33.7 million as a result of reduced borrowings under the Securitisation Facility.

#### 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.

**Cash Flow Statement**

The directors regard Mizzen Topco S.C.A., a company incorporated in Luxembourg as the ultimate parent company (see note 26). The largest company incorporated in the United Kingdom in which the company is consolidated as at 31st December 2013 is Mizzen Mezzco Limited. Accordingly the cash flows of the company are included in the Mizzen Mezzco Limited consolidated cash flow statement and, under the provisions of FRS 1 "Cash Flow Statements (Revised 1996)" the company is exempt from publishing a cash flow statement.

**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.