Condensed Consolidated

Annual Financial Information (Audited) Mizzen Mezzco Limited

Quarter and Twelve months ended December 31, 2014

Premium Credit is the No.1 Insurance Financing Company

Mizzen Mezzco Limited

Registered Number: 08179245

Mizzen Mezzco Limited

Annual Financial Statements

Table of Contents

Mizzen Mezzco Limited

General and Recent Developments

General

This Annual Report should be read in conjunction with the audited consolidated financial statements of Mizzen Mezzco Limited for the year ended 31 December 2014 included herein.

Recent Developments

On 13 January 2015, GTCR LLP, the ultimate controlling party at 31 December 2014, announced its intention to dispose of its entire stake in the Group to Cinven Partners LLP for £476.5 million. The deal completed on 27 February 2015, the date at which Cinven Partners LLP is determined by the Board to be the ultimate controlling party.

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

Mizzen Mezzco Limited

Forward Looking Statements

This Annual Report includes 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.

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.

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.

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. 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 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.

Mizzen Mezzco Limited

Business

The Mizzen Mezzco Group (the "Group") trades as Premium Credit in the UK and Ireland. Premium Credit Limited, the Group's primary operating subsidiary, has been trading since 1988. In February 2015 the Group was acquired by funds affiliated with Cinven Partners LLP, a UK private equity firm. The current group structure following the acquisition is detailed below.

Business (continued)

WHAT WE DO

Premium Credit provides instalment finance and payments services via our network of introducers to over 2 million individuals and SME businesses in the UK and Ireland. The network consists of firms who typically charge for their services on an instalment basis such as insurance brokers, membership organisations and leisure facility providers.

We provide advances to our end-customers which they use to pay insurance premiums and other service fees such as school, professional membership, sports and leisure fees. We receive payments on these advances from our end-customers on a monthly basis. Our large size and long operational history allowed us to develop an advanced and scalable information technology system. Our advanced information technology system allows us to provide our intermediaries and other clients with a critical service as we are able to service a high volume of payments and collect amounts outstanding on our advances on a reliable and continual basis. We work with a diverse network of over 3,900 leading brokers, insurers and other intermediaries who sell our financing products to end-customers, and we believe we have strong and resilient relationships with our key intermediaries.

OUR MARKET POSITION

We are a UK leader in the processing and financing of instalment services. We have an unrivalled foothold in the insurance industry, a sector that is characterised by stable and regular annual payments profiles. We believe our competitive advantage lies within our technology offering that integrates seamlessly with our network of introducers.

Our unique selling points include:

- Long term strategic partnerships – our relationship with 12 of our top 15 network partners has spanned more than 10 years;
- Platform technology and network – our information technology platform enables point of sale financing and is fully integrated into the business of our network partners;
- Scale and scalability – our systems process over 27 million direct debit transactions a year on behalf of over 2 million customers;
- Multiple layers of credit protection - our credit loss rate in 2014 averaged 0.16% of our net advances in the year (0.15%: 31 December 2013). These loss rates are significantly lower and less volatile than other forms of consumer finance.

HOW WE GENERATE INCOME

Our income stream derives from a combination of interest income on amounts we have advanced to our mutual customers and fees receivable for services we deliver.

Business (continued)

GROUP STRATEGY

The Group's mission is to be the leading provider of instalment credit in its chosen markets, acting responsibly in our relationships and creating competitive advantage for our network partners. To deliver our mission, we have embedded a number of core values into the business.
These values help our employees to run our business in a sustainable, responsible way, for the benefit of network partners and our mutual customers. To deliver our mission, we have four broad strategic aims:

1. Act responsibly in our relationships with customers ensuring fair outcomes;
2. Deliver high quality returns on capital employed;
3. Generate consistent shareholder returns;
4. Maintain a secure, diverse and stable funding structure.

Act responsibly in our relationships with our network partners and their customers ensuring fair outcomes

Our network partners are at the heart of our business and our financing solution is such that we can only maintain a sustainable business model if the interests of our mutual customers are at the forefront of our business processes. The concepts of customer fairness are deeply embedded in our business and that of our network partners.

We monitor the actions of our network partners via a dedicated team to ensure dealings with our mutual customers are ethical, in compliance with applicable regulatory requirements and of a consistently high standard.

Premium Credit Limited currently has interim permission from the Financial Conduct Authority ("FCA") and our expectation is that we will receive full permission to carry on our regulated consumer credit activities in 2015.

Delivering high quality returns on equity capital employed in non-standard lending markets

Our focus is on providing instalment credit to help individuals and SME's smooth cash flows during the year. We believe this area of the market offers reasonable margins and sustainable returns. Our lending to a wide ranging customer base means that our credit risk is diversified.

Moreover, we have multiple layers of credit protection available to us. These protections arise as our earnings stream derives predominantly from the financing of cancellable and rebateable services. As a result our loss rates are low and show little volatility through the economic cycle (0.16% of net advances in 2014 and 0.15% in 2013).

Generate consistent shareholder returns

We aim to generate sustainable growth in profits and to continue to deliver attractive shareholder returns.

The majority of our earnings stream originates from the financing of insurance premiums. Insurance is an essential product for many borrowers, and is often a legal requirement. Our point-of-sale lending services are highly integrated with our introducers systems resulting in low cost credit.

Maintaining a secure, diverse and stable funding structure

Funding is provided from a £1.15 billion securitisation facility, together with a £200 million of senior notes. As at 31st December 2014, £921 million (80%) was drawn on the securitisation facility.

Mizzen Mezzco Limited

Management

Board of Directors

Name	Title
Andrew Doman	Director and Chief Executive Officer
Peter Catterall	Director
Maxim Crewe	Director
Anthony Santospirito	Director
Laurel Powers-Freeling	Non-executive Director
John Reeve	Non-executive Director
Chris Burke	Non-executive Director

Set out below is a brief description of the business experience and qualifications of the individuals who serve as members of the Board of Directors of the issuer.

Andrew Doman – Director and Chief Executive Officer

Andrew Doman was appointed Director and Chief Executive Officer of Mizzen Mezzco Limited in October 2012. Previously, Andrew served as Chairman and Chief Executive Officer of Russell Investments, a global investment consultant, from 2009 to 2012 and, prior to this, worked at McKinsey & Co. for over 20 years, where he served as a Director from 1999. Andrew holds a Bachelor of Medicine from the University of Adelaide, a Bachelor of Economics from Ottawa University and an MBA from the University of New South Wales, Australia.

Peter Catterall - Non-executive Director and representative of Cinven Partners LLP

Peter joined Cinven Partners LLP ("Cinven") in 1997 and is a Partner in the Finance Services and Consumer sector teams. He has been involved in numerous transactions at Cinven, including Partnership Assurance Group plc, Avolon Aerospace Leasing Limited and The Gondola Group Limited.

Maxim Crewe - Non-executive Director and representative of Cinven Partners LLP

Maxim joined Cinven in 2006 and is a member of the Consumer sector team and the UK and Ireland regional team. He has been involved in a number of transactions, including Avolon, Guardian Financial Services, Gala Coral, Partnership and Premium Credit Limited. Previously he worked at Citigroup where he was involved in corporate finance within the European Retail and Consumer Group. Maxim has an MA in Politics, Philosophy and Economics from Oxford University.

Anthony Santospirito - Non-executive Director and representative of Cinven Partners LLP

Anthony joined Cinven in 2011 and is a member of the Business Services sector team and the UK and Ireland regional team. Previously, Anthony was an Associate at Morgan Stanley in the Investment Banking Division, working across a range of sectors including media, mining, financial services, retail and utilities. Anthony graduated from Oxford University with an MA in Mathematics.

Laurel Powers-Freeling - Independent non-executive Director

Ms. Powers-Freeling was appointed independent Director of PCL in 2012. Ms. Powers-Freeling holds several non-executive Directorships including at ACE European Group, a global provider of insurance products based in Zurich, C. Hoare & Co, Findel plc and Bank of Ireland. Ms. Powers-Freeling is also a former Director of the Bank of England. Ms. Powers-Freeling holds a Bachelor's Degree cum laude in Economics and Physics from Columbia University and graduated from the MIT Sloan School of Management with a Master's Degree in Finance and Applied Economics.

Management (continued)

Board of Directors (continued)

John Reeve - Independent non-executive Director

John Reeve was appointed independent Director of PCL in 2012. Prior to joining the Company, John served as Chairman and Chief Executive Officer of Willis Group Holdings, a multinational risk advisor, insurance brokerage and reinsurance brokerage company with its headquarters in London. John completed a five year tenure at Willis Group Holdings from 1995 to 2000, during which a consortium of investors (including six insurance carriers) led by private equity sponsor Kohlberg Kravis Roberts acquired the company in a leveraged buyout. John retired from his executive functions in the year 2000. John is a Chartered Accountant and a Companion of the Chartered Management Institute. John is also Chairman of Temple Bar Investment Trust PLC and was formerly CEO of Sun Life Assurance Society PLC between 1997 and 2005. He was also a Board member of the Association of British Insurers and International Insurance Society Inc.

Chris Burke – Independent non-executive Director

Chris Burke is a former Managing Director of Research In Motion across Europe, Middle East and Africa. Chris has had a distinguished career in telecommunications and technology. From 2001 to 2004 he held the position of Chief Technology Officer at Vodafone UK, responsible for all Vodafone's technology and product architecture. He is currently chairman of MusicQubed and Navmii and holds board positions with Dialog Semiconductor, One Access, Dtex and Fly Victor. Chris graduated from Acadia University with Bachelor's degree in Computer Science.

Key members of senior management

The following individuals form the key members of our senior management:

Name	Title
Andrew Doman	Director and Chief Executive Officer
Simon Moran	Head of Insurance and Chief Marketing Officer
Robert Allan	Chief Financial Officer
Gopinath Chelliah	Chief Operating Officer
Roger Brown	Head of New Markets
Jasan Fitzpatrick	General Counsel

Set out below is a brief description of the business experience and qualifications of other key members of senior management of the Group not already described above:

Simon Moran

Simon Moran joined Premium Credit Ltd in 1998. He currently holds the position of Head of Insurance and Chief Marketing Officer. Prior to that, Mr. Moran held senior positions in Underwriting and Sales, most recently with Transamerica Insurance Finance Company.

Robert Allan

Robert Allan joined Premium Credit Limited in 2004 and currently holds the position of Chief Financial Officer. Prior to that Robert served as European Finance Director with Equifax, a Global consumer credit reporting agency, from 1993 to 2004. He is a graduate of the University of Leeds and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Management (continued)

Key members of senior management

Gopinath Chelliah

Gopi Chelliah joined Premium Credit Limited in October 2012. He currently holds the position of Chief Operating Officer. Prior to that Gopi served as global Head of Technology and Operations at Russell Investments, a global investment consultancy, from 2010 to 2012 and Chief Operating Officer for the wholesale banking division of ING from 2008 to 2010. He graduated from the University of Surrey and holds a Bachelor in Electronic Engineering and is Chartered Management Accountant.

Roger Brown

Roger Brown joined Premium Credit Limited in January 2013. He holds the position of Head of New Markets. Roger has held senior positions at various companies across the insurance industry, including the position of Divisional Finance Director at Capita's General Insurance Division, Finance Director at Cullum Capital Ventures, and Director at Close Premium Finance. He graduated from UCE in Birmingham and holds a BA in Economics and post graduate qualified as Fellow of the Chartered Institute of Management Accountants (CGMA).

Jasan Fitzpatrick

Jasan Fitzpatrick joined Premium Credit Limited in April 2013. He currently holds the position of General Counsel and Company Secretary. Prior to that Jasan served as Director of Legal and Group Company Secretary at Virgin Money and General Counsel and Company Secretary at Northern Rock. He graduated from Manchester University and holds a Bachelor's Degree in Law.

Executive Committees

The Group's Board has delegated day to day running of the business to the Chief Executive who has established the Executive Committee (ExCo) to assist in the management of the business and deliver against the strategy in an effective and controlled way. The ExCo provides general executive management of the business and facilitates cross functional communication and liaison. The relevant ExCo member is responsible to the Chief Executive for managing performance in line with the Group's long-term plan, the strategy, the annual budget and the risk appetite.

In order to ensure that high level matters which require cross functional oversight and engagement are dealt with appropriately, the ExCo has established a series of subcommittees as detailed below, which report directly to ExCo.

a. Operational Risk and Compliance Committee

The Committee has responsibility for monitoring the management of Operational Risk and Legal and Regulatory risk. This includes monitoring and reviewing all relevant policies and risk assessment procedures, including:

- Reports of Regulatory Developments and any regulatory breaches
- Reports on Compliance Monitoring and actions therefrom
- Reports on Operational Incidents and subsequent actions
- Breaches of the Data Protection and Information Security policies
- Emerging legal developments
- Annual Anti Money Laundering (AML) self-assessment
- Annual Business Continuity testing
- Annual Operational Risk Control Self- Assessment

Management (continued)

Executive Committees (continued)

b. Asset and Liability Committee

The Asset and Liability Management Committee ("ALCO") is responsible for implementing, making decisions on, reviewing and monitoring all matters relating to the Financial Risk Management Policy of the Company, incorporating:

- Capital Planning
- Interest Rate Risk
- Foreign Exchange Rate Risk
- Funding
- Liquidity

ALCO will report key recommendations and provide information to the Exco.

c. Credit and Counterparty Risk Committee

The Committee has responsibility for the monitoring of credit and counterparty risk, including monitoring:

- Broker Exposure levels (including S75 liability);
- Borrower affordability and credit worthiness policy and statistics
- Management information that tracks compliance with the:-
    - i. Affordability and Credit Worthiness Policy
    - ii. Credit Policy Manual
    - iii. Producer Commercial Terms Policy
    - iv. Financial Crime Policy

d. Profitability and Pricing Committee

The Committee has responsibility for the monitoring of partner profitability, pricing and new business initiatives. Specific responsibilities of the committee include:

- Receiving proposals and progress reports on new product initiatives
- Monitoring compliance with the
    - i. Producer pricing policy
    - ii. Strategic product approval policy
- Reviewing and monitoring fees and charges

e. Customer Committee

The Committee has responsibility for the monitoring customer metrics to ensure that PCL is meeting its regulatory requirements. Specific responsibilities of the committee include:

- Receiving reports monitoring the management of complaints
- Receiving reports monitoring performance against the FCA's 6 outcomes for Treating Customers Fairly
- Monitoring compliance with
    - i. Treating Customers Fairly policy
    - ii. Arrears collections and debt recovery policy
    - iii. Vulnerable customers policy
    - iv. Complaints policy

Management (continued)

Executive Committees (continued)

f. Ireland Committee

The Committee has responsibility for the monitoring the sales, financial and operational performance of PCL Ireland. Specific responsibilities of the committee include:

- Receiving reports monitoring
    - i. Sales volumes and profitability in Ireland
    - ii. Defaults and cancellations
    - iii. Operational risk incidents
    - iv. Management of complaints
    - v. Compliance monitoring reports, including Anti Money Laundering Compliance

Mizzen Mezzco Limited

Risk Factors

RISK MANAGEMENT

Risk management approach

The Board has overall responsibility for determining the Group's strategy and related risk. In conjunction with the Executive Committees, the Board determines the type and extent of risks that are acceptable to the Group in achieving the successful delivery of its strategic business objectives. The Board is also responsible for overall corporate governance, which includes ensuring there is a robust and effective system of risk management and the level of capital and liquidity held is adequate and consistent with the risk profile of the business.

To support this, the Group maintains a Risk Management Framework and a formal governance structure to identify, monitor and manage risks across its operations. The Group is exposed to a variety of risks through its day to day operations. The 7 principal risks and how they are managed are set out below.

The Group has a robust risk management framework that is overseen by the Risk Committee on behalf of the Board. The Committee is required to consider the nature and extent of the risks facing the Group, keep them under review, review the framework to mitigate such risks and notify the Board of changes in the status and control of risks. The Risk Committee reviews the risk register quarterly and reports to the Board quarterly.

The Group faces a number of business risks mainly due to external factors detailed below:

- **Credit risk**

  The risk that the Group suffers unexpected losses due to default by network partners or our mutual customers. The Group has appropriate credit risk policies in place and credit checks are performed prior to extension of lending facilities.

- **Regulatory risk**

  The risk of loss arising from a breach of existing regulation or the imposition of adverse future regulatory changes in the markets within which the Group operates. The Group currently has interim permission from the FCA following the transfer of powers from the OFT. The Group expects to receive full FCA permission in mid-2015.

- **Business risk**

  The risk of loss arising from the failure of the Group's strategy or management actions over the planning horizon. The business faces competition from other providers of insurance premium and service fees financing in the UK and Ireland as well as from providers of alternative forms of credit. Deteriorating economic conditions may adversely affect demand for our advances or the products for which we provide advances, which may materially and adversely affect our financial condition and results of operations. We depend on our network of intermediaries to sell advances, and any changes to our relationships with intermediaries could materially adversely affect our business, results of operations and financial condition.

- **Operational risk**

  The risk of loss arising from IT systems failure, the loss or abuse of confidential data or systems, the loss of key management or reduction in staff morale impacting business performance. These risks are managed by adhering to an established business model; following a risk management approach and maintaining clear limits and metrics.

Risk Management (continued)

Risk management approach (continued)

- **Reputational risk**

  The risk that an event or circumstance could adversely impact on the Group's reputation, including adverse publicity from the activities of legislators, pressure groups and the media. Our reputation, customer relationships and results of operations may be negatively impacted by the actions of our intermediaries. If our outside service providers and vendors are unable to or do not fulfil their obligations, our operations could be disrupted and our operating results could be harmed.

- **Financial risk**

  The risk that the group suffers a loss as a result of unexpected tax liabilities or losses on financial instruments. Examinations and challenges by tax authorities, or changes in tax laws or regulations or the application thereof, could materially and adversely affect our reputation, financial condition, financial returns and results of operations. We also use interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements. Whilst we monitor the interest rate environment and employ hedging strategies designed to mitigate the impact of increased interest rates, we cannot assure you that hedging strategies will fully mitigate the impact of changes in interest rates.

- **Liquidity and interest rate risk**

  The risk that the Group will have insufficient liquid resources available to fulfil its operational plans and/or meet its financial obligations as they fall due. The Group funds its activities via a securitisation facility which is due to expire on 25 September 2017. The rate of interest paid by the securitisation vehicle is variable. Interest rate swaps are used to hedge this interest rate risk. The Group has a history of extending its lending facilities with banking counterparties. However, there is a remote risk that the Group would not be able to extend banking facilities in an economic crisis.

Risk management framework

The scope of the Risk Management Framework extends to all major risk categories faced by the Group and is underpinned by governance, controls, processes, systems and policies within the second-line risk function and those of the first-line business areas. The key components of the Risk Management Framework are as follows:

Risk governance structure

The Board is the key governance body and is responsible for the overall strategy, performance of the business and ensuring appropriate and effective risk management. It has delegated responsibility for day to day running of the business to the Chief Executive.

The Board has established Board Committees and senior management committees to:

- Oversee the risk management process;
- Identify the key risks facing the Group; and
- Assess the effectiveness of the risk management actions.

Risk Management (continued)

Risk management approach (continued)

The Board

The Board has overall responsibility for the business. It sets the strategic aims for the business, in line with delegated authority from the shareholder and in some circumstances subject to shareholder approval, within a control framework, which is designed to enable risk to be assessed and managed. The Board satisfies itself that financial controls and systems of risk management are robust. In order to support effective governance and management of the wide range of responsibilities, the Board has established the following two risk related sub-committees:

a. Audit Committee

The role of the Audit Committee includes: reviewing and recommending to the Board for approval of financial statements; monitoring accounting policies and practices for compliance with relevant standards; reviewing the scope and results of the annual external audit; maintaining a professional relationship with the external auditors; examining arrangements in place to enable management to ensure compliance with requirements and standards under the regulatory system; and overseeing the internal audit function and the internal audit programme.

Further detail on the Audit Committee is included within the Audit Committee section of the Directors' Report.

b. Risk Committee

The role of the Risk and Compliance Committee includes, the oversight and challenge of the Group's risk appetite and the recommendation to the Board of any changes to risk appetite, the assessment of any future risks, the review and challenge, where appropriate, of the outputs from the Asset and Liability Management Committee (ALCO) and to oversee that a supportive risk culture is appropriately embedded in the business.

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, where 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, 2014, the company had 2.1 million customers and achieved gross advances of £3.8 billion, processing 27.6 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 material 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 and twelve months ended December 31, 2014

The key trading highlights for the Continuing Operations for the quarter and twelve months ended December 31, 2014 were as follows.

Quarter ended 31 December 2014

- We have increased the overall size of our net advances by 2.7%, from £763.9 million for the quarter ended December 31, 2013 to £784.5 million for the quarter ended December 31, 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 £29.3 million for the quarter ended December 31, 2013 to £31.4 million for the quarter ended December 31, 2014. This increase is due to increased net advances of 2.7% and increased cost recovery for specific activities through new fee initiatives.
- Administrative expenses increased by £6.8 million, or 58.7%, from £11.6 million (£0.6 million bad debts / £11.0 million other expenses) for the quarter ended December 31, 2013 to £18.4 million (£0.9 million bad debts / £17.5 million other expenses) for the quarter ended December 31, 2014. This increase is primarily driven by our investment in growth with emphasis on enhancing our Information Technology infrastructure, Sales Organisation, and also acquisition related cost.
- Pro forma securitisation funding cost decreased by £1.4 million, or 22.4%, from £6.4 million for the quarter ended December 31, 2013 to £5.0 million for the quarter ended December 31, 2014, mainly due to favourable terms on extended securitisation facility at the end of September 2014.
- We extended the term of our £1.15 billion securitisation facility at the end of September 2014 to September 2017. As part of this, we took advantage of the favourable capital market environment and reduced the cost of the facility by £7.3 million annually.

Management Discussion and Analysis (continued)

Highlights for the Quarter and twelve months ended December 31, 2014 (continued)

Year ended 31 December 2014

- We have increased the overall size of our net advances by 3.6%, from £3,183.3 million for the year ended December 31, 2013 to £3,296.3 million for the year ended December 31, 2014, due to the combination of relationships established with new intermediaries and greater penetration with our existing intermediaries.
- Group turnover increased by £7.7 million, or 6.9%, from £110.7 million for the year ended December 31, 2013 to £118.4 million for the year ended December 31, 2014. This increase is due to increased net advances of 3.6% and increased cost recovery for specific activities through new fee initiatives.
- Administrative expenses increased by £13.7 million, from £46.5 million (£4.4 million bad debts / £42.1 million other expenses) for the year ended December 31, 2013 to £60.9 million (£4.9 million bad debts / £56.0 million other expenses, including £2.8 million for IT system replacement work) for the year ended December 31, 2014. This increase is primarily driven by our investment in growth with emphasis on enhancing our Information Technology infrastructure and Sales Organisation.
- Pro forma securitisation funding cost decreased by £0.9 million, or 3.7%, from £25.1 million for the year ended December 31, 2013 to £24.2 million for the year ended December 31, 2014, mainly due to favourable terms on extended securitisation facility at the end of September 2014.
- We extended the term of our £1.15 billion securitisation facility at the end of September 2014 to September 2017. As part of this, we took advantage of the favourable capital market environment and reduced the cost of the facility by £7.3 million annually.

Mizzen Mezzco Limited

Management Discussion and Analysis (continued)

Key Financial Results

The tables below shows the Group's key consolidated financial results for the quarter and twelve months ended December 31, 2014 and December 31, 2013:

Non-GAAP Measures

Pro Forma Financial Data (£ in millions, except percentages and ratios)	**For the quarter ended December 31, 2013** (unaudited)	**For the quarter ended December 31, 2014** (unaudited)	**Increase / (Decrease)** (unaudited)
Turnover	29.3	31.4	2.1
EBITDA	19.4	18.1	(1.3)
Adjusted EBITDA	19.1	20.6	1.5
Adjusted EBITDA Margin	65.4%	65.7%	0.3%
Adjusted Pro Forma Post-Securitisation EBITDA	12.8	15.7	2.9
Adjusted Pro Forma Post-Securitisation EBITDA Margin	43.5%	49.9%	6.4%
Cash conversion	97.8%	93.3%	(4.5%)
	For the twelve months ended December 31, 2013 (unaudited)	**For the twelve months ended December 31, 2014** (unaudited)	**Increase / (Decrease)** (unaudited)
Turnover	110.7	118.4	7.7
EBITDA	68.6	66.7	(1.9)
Adjusted EBITDA	72.0	75.2	3.2
Adjusted EBITDA Margin	65.1%	63.5%	(1.6%)
Adjusted Pro Forma Post-Securitisation EBITDA	46.9	50.9	4.0
Adjusted Pro Forma Post-Securitisation EBITDA Margin	42.4%	43.0%	0.6%
Cash conversion	99.1%	94.4%	(4.7%)

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

Key Performance Indicators (in millions)	**For the quarter ended December 31, 2013**	**For the quarter ended December 31, 2014**	**Increase / (Decrease)**
Net Advances(A)	£763.9	£784.5	£20.6
Non-cancelled Agreements(B)	0.45	0.50	0.05
Number of direct debits processed(C)	6.92	7.38	0.46
	For the twelve months ended December 31, 2013	**For the twelve months ended December 31, 2014**	**Increase / (Decrease)**
Net Advances(A)	£3,183.2	£3,296.3	£113.1
Non-cancelled Agreements(B)	2.01	2.13	0.12
Number of direct debits processed(C)	25.77	27.64	1.87

(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 Discussion and Analysis (continued)

The table below shows the Group's other pro-forma financial data for the quarter and twelve months ended December 31, 2014 and December 31, 2013:

(£ in millions, except percentages and ratios)	For the twelve months ended December 31, 2013 (unaudited)	For the twelve months ended December 31, 2014 (unaudited)	Increase / (Decrease) (unaudited)
Adjusted Pro Forma Post-Securitisation EBITDA………………….	46.9	50.9	4.0
Pro forma net debt [(a)]……………………………………………………	183.5	164.4	(19.1)
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	3.2x	(0.7x)
Ratio of Adjusted Pro Forma Post-Securitisation EBITDA to pro forma cash interest expense (excluding securitisation) ……………	3.4x	3.6x	0.2x

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

The following table reconciles profit for the period to EBITDA to Adjusted EBITDA and to Adjusted Post Securitisation EBITDA for the quarter and twelve months ended December 31, 2014 and December 31, 2013:

(£ in millions)	For the quarter ended December 31, 2013 (unaudited)	For the quarter ended December 31, 2014 (unaudited)	Increase/ (Decrease) (unaudited)
Profit for the period before taxation	**6.6**	**2.8**	**(3.8)**
Interest payable and similar charges[(a)]..	10.9	10.2	(0.7)
Depreciation and amortisation	0.1	0.3	0.1
Securitisation Fees..	0.9	4.1	3.2
Currency…………………………………………………………	0.1	-	0.1
Goodwill amortisation..	0.7	0.7	0.0
EBITDA	**19.4**	**18.1**	**(1.3)**
Transaction costs[(b)]	(0.7)	2.6	3.3
Pro Forma standalone expenses..	-	-	-
One-time information technology and other expenses[(c)]..	0.5	(0.1)	(0.6)
Adjusted EBITDA	**19.1**	**20.6**	**1.5**
Pro forma Securitisation interest expense[(d)]..	(6.4)	(5.0)	1.4
Adjusted Pro Forma Post-Securitisation EBITDA	**12.8**	**15.7**	**2.9**

a. Includes financing costs of £1.2 million with respect to the Securitisation Facility and financing costs of £0.2 million with respect to the Mezzanine Facility for the quarter ended December 31, 2013, whereas quarter ended December 31, 2014 includes £1.4million with respect to the Securitisation Facility and £0.4m with respect to Bond financing cost.
b. Represents costs relating to the Acquisition, including consultancy, accounting and legal and other advisory fees.
c. Represents one-time and project change costs
d. Represents interest expense payable to SPV under the current Securitisation Facility which for the quarter ended December 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 December 31, 2014 is presented on an actual basis.

Management Discussion and Analysis (continued)

(£ in millions)	For the twelve months ended December 31, 2013 (unaudited)	For the twelve months ended December 31, 2014 (unaudited)	Increase / (Decrease) (unaudited)
Profit for the period before taxation	**21.1**	**7.0**	**(14.1)**
Interest payable and similar charges[(a)]	42.7	50.0	7.3
Depreciation and amortisation	0.7	0.9	0.2
Securitisation Fees	1.1	4.7	3.6
Currency	0.4	1.4	1.0
Goodwill amortisation	2.6	2.6	-
EBITDA	**68.6**	**66.7**	**(1.9)**
Transaction costs[(b)]	(0.1)	3.2	3.3
Pro Forma standalone expenses	-	-	-
One-time information technology and other expenses[(c)]	3.5	5.2	1.7
Adjusted EBITDA	**72.0**	**75.1**	**3.1**
Pro forma Securitisation interest expense[(d)]	(25.1)	(24.2)	0.9
Adjusted Pro Forma Post-Securitisation EBITDA	**46.9**	**50.9**	**4.0**

a. Includes financing costs of £4.2 million with respect to the Securitisation Facility and financing costs of £0.8 million with respect to the Mezzanine Facility for the twelve months ended December 31, 2013, whereas twelve months ended December 31, 2014 includes £5.0 million with respect to the Securitisation Facility and £0.8 million with respect to Bond financing cost along with £1.6 million with respect to the redeemed Mezzanine Facility.

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

c. Represents one-time and project change costs.

d. Represents interest expense payable to SPV under the current Securitisation Facility which for the twelve months ended December 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 twelve months ended December 31, 2014 is presented on an actual basis.

Pro Forma Net Debt

Pro forma net debt (excluding securitisation) of £164.4 million represents pro forma total corporate borrowings (Senior Notes) of £200 million, less £35.6 million of Cash & Cash equivalents as of December 31, 2014. This shows a decrease of £19.1 million, against £183.5 million as of December 31, 2013 due to higher Cash of £19.0 million and increased liquidity reserve of £0.1 million under the newly extended securitisation facility.

The pro forma net debt to Adjusted Pro Forma Post-Securitisation EBITDA ratio improved to 3.2x for the twelve months ended December 31, 2014 from 3.9x for the twelve months ended December 31, 2013, due to 8.6%, or £4.1 million increase in Adjusted Pro Forma Post-Securitisation EBITDA. Also the pro forma net debt has decreased by £19.1 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 December 31, 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 expense to Adjusted Pro Forma Post-Securitisation EBITDA ratio has increased to 3.6x for twelve months ended December 31, 2014 against 3.4x for the twelve months ended December 31, 2013.

Mizzen Mezzco Limited

Consolidated Income Statement

(£ in millions, except percentages)	For the quarter ended December 31, 2013 (unaudited)	For the quarter ended December 31, 2014 (unaudited)	Increase/ (Decrease)
Group Turnover………………………………………………………………..	29.3	31.4	2.1
Administrative expenses…………………………………..……………………	(11.6)	(18.4)	(6.8)
Group Operating profit…………………………………..…………………..	**17.7**	**13.0**	**(4.7)**
Interest receivable and similar income…………………….…………………	–	–	–
Interest payable and similar charges…………………………………………	(11.0)	(10.2)	0.8
Profit (loss) on ordinary activities before taxation ………………………	**6.7**	**2.9**	**(3.8)**
Tax on profit on ordinary activities …………………………..………………	(1.1)	1.8	2.9
Profit / (loss) for the quarter…………………………………………………..	**5.6**	**4.7**	**(0.9)**

(£ in millions, except percentages)	For the twelve months ended December 31, 2013 (unaudited)	For the twelve months ended December 31, 2014 (audited)	Increase/ (Decrease)
Group Turnover………………………………………………………………..	110.7	118.4	7.7
Administrative expenses…………………………………..……………………	(46.5)	(59.9)	(13.4)
Group Operating profit…………………………………..…………………..	**64.2**	**58.5**	**(5.7)**
Interest receivable and similar income…………………….…………………	–	–	–
Interest payable and similar charges…………………………………………	(43.1)	(51.4)	(8.3)
Profit (loss) on ordinary activities before taxation ………………………	**21.1**	**7.0**	**(14.0)**
Tax on profit on ordinary activities …………………..………………………	(6.4)	(0.5)	5.9
Profit / (loss) for the period…………………………………………………..	**14.7**	**6.5**	**(8.2)**

Mizzen Mezzco Limited

Consolidated Balance Sheet

(£ in millions)	As at December 31, 2013 (audited)	As at December 31, 2014 (audited)	Increase/ (Decrease)
Fixed assets……………………………………….			
Intangible assets………………..…………………..	10.0	9.5	(0.6)
Tangible assets……………………………………….	1.1	3.0	1.9
Total fixed assets…………………..…………….	**11.1**	**12.4**	**1.3**
Current assets……………………………………			
Debtors……………………………………………...	1,314.1	1,390.3	76.2
Cash at bank and in hand………………………...	41.9	57.2	15.3
Deferred tax………………………...………………	0.4	0.4	0.1
Total current assets…………………………………	**1,356.4**	**1,447.8**	**91.4**
Creditors: amounts falling due within one year...	**(901.2)**	**(929.2)**	**(38.0)**
Of which:			
Trade creditors………………………………………..	(364.7)	(387.6)	(22.9)
Securitisation notes…………………………………..	(455.7)	(514.9)	(59.2)
Amounts owed to group undertakings……………..	(68.6)	(9.3)	59.3
Corporation Tax……………………………………..	(2.2)	(0.1)	2.1
Other taxation and other social security……………	(0.5)	(0.7)	(0.2)
Other creditors…………………………………………	(0.6)	(0.5)	0.1
Accruals and deferred income………………………...	(8.9)	(16.1)	(7.2)
Creditors: amounts falling due after more than one year	**(440.8)**	**(591.0)**	**(150.2)**
Of which:			
Mezzanine finance loan………………………………	(40.8)	-	40.8
Securitisation notes…………………………………..	(400.0)	(400.0)	-
Senior notes…………………………..……………….	-	(191.0)	(191.0)
Total assets less total liabilities …………………………	**25.5**	**(60.0)**	**(85.5)**
Capital & Reserves			
Share capital……………………………………………	(32.9)	(32.9)	-
Profit & loss…………………………………………….	7.4	92.9	85.5
Total Shareholders' Funds …………………………	**(25.5)**	**60.0**	**85.5**

Intangible Assets

Intangible assets consist of i) Goodwill at a net cost of £10.0 million as at December 31, 2013 and £7.4 million as at December 31, 2014, reduced for accumulated amortisation. Goodwill of £13.2 million arose on the acquisition of PCL by GTCR in October 2012 and is being amortised over five years starting from November 2012; and ii) Capitalised software costs of £2.0m relating to various change projects in the year where we have internally generated software. Projects include Channel Experience, Payments Platform and MyCommute4Less.

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 December 31, 2013, and increased to £3.0 million as at December 31, 2014. The increase of £1.9 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 December 31, 2013 was at £1,314.1 million (Trade debtors £1,307.9 million/Loan Loss (£3.0 million) /Prepayments £9.2m) which has increased by £76.2 million to £1,390.3 million (Trade debtors £1,386.3 million/Loan Loss (£2.7 million) /Prepayments £6.7 million) as of December 31, 2014. This increase is mainly related to higher trade debtors.

Cash at Bank and in Hand

Cash at bank and in hand of £57.2 million represents SPV cash from the Securitisation Facility of £29.5 million (which includes £20.4 million of pre-funding and £7.9 million of liquidity reserve) and PCL Cash of £27.7 million as at December 31, 2014 (total PCL cash of £35.6 million), against £41.9m as at December 31, 2013 represented by SPV cash of £33.1 million (which includes £24.7 million of prefunding and £7.8 million of liquidity reserve) and PCL cash of £8.8 million (total PCL cash of £16.6 million).

Deferred Tax

Deferred Tax was £0.4 million as at December 31, 2013 and 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 £364.7 million as of December 31, 2013 increased by £22.9 million to £387.6 million as of December 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 £514.9 million as at December 31, 2014, against £455.7 million as at December 31, 2013. The upward movement of £59.2 million primarily relates to the movements in the underlying assets.

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 December 31, 2014, due to Mizzen Topco S.C.A, the immediate parent company, and showing a decrease of £59.3 million against the balance of £68.6 million as of December 31, 2013 as this intercompany loan principal was repaid during May 2014, leaving only the interest outstanding.

Corporation Tax

Corporation tax of £2.9 million as of December 31 2013 has reduced by £2.1 million to £0.1 million as of December 31, 2014. The tax computations have been drafted and the liability is after payments on account made in the year.

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 £0.5 million to £0.6 million.

Other Creditors

Other creditors as of December 31, 2014 were £0.5 million, against £0.7 million as at December 31, 2013. Other creditors consist of other accounts payable and other current liabilities.

Accruals and deferred income

Accruals and deferred income balance as of December 31, 2013 was £8.9 million, increased by £7.2 million to £16.1 million as of December 31, 2014. This includes £1.9m of acquisition cost accrual together with an interest accrual on the £200 million Senior Notes of £2.3 million.

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 December 31, 2014 which are stated as £191.0 million after netting the unamortised bond set up costs of £9.0 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 for three years up to 31st October 2017. The Mezzanine Finance Loan was repaid during May 2014.

Mizzen Mezzco Limited

Consolidated Cash Flow

(£ in millions)	For the quarter ended December 31, 2013 (unaudited)	For the quarter ended December 31, 2014 (unaudited)	Increase/ (Decrease) (unaudited)
Net cash inflow/ (outflow) from operating activities……………………………………	48.6	20.5	(28.1)
Net cash inflow/ (outflow) from returns on investments and servicing of finance…..	(8.2)	(6.8)	1.4
Taxation…………………………………………………………………………………	(3.0)	(1.2)	1.8
Net cash inflow/ (outflow) for capital expenditure and financial investment………..	(0.3)	(3.1)	(2.8)
Acquisitions and disposals………………………………………………………………	-	-	-
Net cash inflow/ (outflow) before use of liquid resources and financing…….	**37.2**	**9.4**	**(27.8)**
Net cash inflow/ (outflow) from management of liquid resources…………………..	-	-	-
Net cash inflow/ (outflow) from financing activities…………………………………..	(47.1)	14.8	61.9
Effects of foreign exchange……………………………………………………………..	-	-	-
(Decrease)/Increase in cash……………………………………………………	**(9.9)**	**24.2**	**34.1**

(£ in millions)	For the twelve months ended December 31, 2013 (unaudited)	For the twelve months ended December 31, 2014 (audited)	Increase/ (Decrease) (unaudited)
Net cash inflow from operating activities……………………………………	12.3	12.5	0.2
Net cash (outflow) from returns on investments and servicing of finance…..	(36.7)	(139.7)	(103.0)
Taxation…………………………………………………………………………………	(4.8)	(2.6)	2.2
Net cash (outflow) for capital expenditure and financial investment………..	(0.6)	(4.9)	(4.3)
Acquisitions and disposals………………………………………………………………	-	-	-
Net cash outflow before use of liquid resources and financing…….	**(29.8)**	**(134.6)**	**(104.8)**
Net cash inflow/ (outflow) from management of liquid resources…………………..	-	-	-
Net cash inflow from financing activities…………………………………..	40.0	150.1	110.1
Effects of foreign exchange……………………………………………………………..	-	(0.2)	(0.2)
Increase in cash……………………………………………………	**10.2**	**15.3**	**5.1**

Cash inflow/(outflow) from operating activities

Cash inflow from operating activities for the quarter ended December 31, 2014 decreased by £28.1 million, from £48.6 million inflow for the quarter ended December 31, 2013 to £20.5 million for the quarter ended December 31, 2014, primarily as a result of seasonal increase in the loan book. For the full year ended 31 December 2014 the cash inflow increased by £0.2 million to £12.5 million.

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, 2014 was at £6.8 million, which is £1.4m higher than the quarter ended December 31, 2013, with the increased facility utilisation being offset by more favourable terms. For the full year ended 31 December 2014 the cash outflow increased by £103.0 million to £139.7 million, following the payment to the shareholder of a £91.8 million dividend.

Consolidated Cash Flow (continued)

Taxation

Cash outflow from taxation for the quarter ended 31 December 2014 reduced by £1.8 million due a lower payment on account made in July and October 2014 than in 2013. For the full year ended 31 December 2014 the cash outflow decreased by £2.2 million to £2.6 million.

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

Cash outflow for capital expenditure and financial investment for the quarter ended December 31, 2014 was at £3.1 million against £0.3 million for the quarter ended December 31, 2013, due to additional spend on IT infrastructure, together with £2.0m of intangible software costs which have been capitalised at the year end. For the full year ended 31 December 2014 the cash outflow increased by £4.3 million to £4.9 million. This includes the £2.0m of intangible software costs which have been capitalised in the year as above.

Cash inflow/(outflow) from financing activities

Cash inflow/(outflow) from financing activities increased by £61.9 million, from the outflow of £47.1 million for the quarter ended December 31, 2013 to the inflow of £14.8 million for the quarter ended December 30, 2014, as the business utilised its securitisation facility to support the increased receivables book. For the full year ended 31 December 2014 the cash inflow increased by £110.1 million to £150.1 million following the issuance of the £200 million High Yield Bond in May 2014 and additional borrowing through the securitisation of £59.1 million, reduced by the settlement of the outstanding mezzanine finance of £40.8 million and the principal intercompany loan with Mizzen Topco of £59.3 million.

Mizzen Mezzco Limited

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 of its 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 in November 2013, the Securitisation Facility (if fully drawn) has an aggregate limit of £1.15 billion consisting of Term Notes with outstanding note balance of £400 million and VFNs have a note balance of £750 million. 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" and together with the Collection Accounts, the "Note Facility 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.

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 £200,000,000 in aggregate were issued on 8th May 2014 (the "Notes), with a maturity date of 1st May 2021.

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

Mizzen Mezzco Limited

Index to Annual Report and Financial Statements for the year ended 31st December 2014

Mizzen Mezzco Limited

Annual report and financial statements

for the year ended 31 December 2014

Mizzen Mezzco Limited

Strategic Report for the year ended 31 December 2014

Review of the business and future outlook

The Mizzen Mezzco group (the "group") is a financial services group, specialising in the financing of insurance premiums and instalment services in the UK and Ireland. Premium Credit Limited, the group's primary operating subsidiary, has been trading since 1988. Mizzen Mezzco Limited (the "company") is the holding company of Mizzen Midco Limited and its subsidiaries.

The principal activity of the group is the financing of insurance premiums and instalment services in the UK and Ireland. It is the leading third party insurance premium finance processing and payment facilitation group in the UK and Ireland with a market share of circa 60%. The group has 2.1 million customers and achieved gross advances of £3.8 billion in the year (2013: £4.2 billion in the period), processing 27.5 million (2013: 29.9 million) direct debits.

The group made a profit of £6.5 million for the year (2013: loss for the period of £0.5 million). The group's primary trading business, Premium Credit Limited delivered a strong performance for the period of £29.5 million profit after tax (2013: £30.5 million). The business has continued to deliver a solid underwriting performance, with a loss ratio of 0.39% of loans and advances to customers for the period (2013: 0.37%).

Barclays Capital, Lloyds Banking Group, Deutsche Bank, HSBC, Société Générale, Bank of America Merrill Lynch and Citigroup have extended the long-term financing facility of £1,150 million to 25 September 2017. This facility retained an 'A+' rating for financial security by DBRS Inc. and an 'Aa2' rating by Moody's.

In the year the group raised additional funding of £200 million by the issuance of a corporate bond. The bond carries a coupon of 7%, matures 1 May 2021 and is secured against the assets of group companies.

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

Measurement and performance

Net advances for the year were £3,297 million (2013: £3,627 million) and the total of non-cancelled agreements at the year-end was 2.135 million (2013: 2.013 million).

The group works with more than half of the top 50 UK Brokers and Intermediaries. The group continues to work with approximately 2,700 intermediaries who introduce loan applications that enable customers (corporations and individuals) to pay insurance premiums and other contracts in monthly instalments rather than single amounts. The group also provides monthly instalment facilities for school fees and other subscriptions.

Measure	**Description**	**Year ended 2014**	Period ended 2013
Net advances	Value of loans financed	**£3,297m**	£3,627m
Loss ratio	Ratio of incurred losses to average loans to customers	**0.39%**	0.37%
Non-cancelled agreements	Number of new business and renewal agreements which are expected to complete to term	**2.135m**	2.013m
Total shareholders' funds	As at the year end	**£(60.0 m)**	£25.5m
No of direct debits processed	Number processed in the year	**27.5m**	29.9m

Group shareholders' funds declined significantly in the year to £(60.0) million (2013:£25.5 million) following the issue of a secured corporate bond on the Irish Stock Exchange by a group subsidiary, Mizzen Bondco Limited. Part of the proceeds derived from the issue of the corporate bond were paid to the ultimate controlling party at the time of the issuance, GTCR LLC, and will be recovered by the group through future earnings generation.

The above KPIs are used by the group's executive committees to monitor the performance of the group. The group has achieved its targets with regard to the KPI's during the year.

Principal risks and uncertainties

The group faces a number of business risks mainly due to external factors as detailed below:

i) Financial risk management

The group's activities expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and related finance costs.

ii) Interest rate risk

The group's primary source of funding is via a securitisation facility from a Special Purpose Vehicle ("SPV"), PCL Funding I Limited. The SPV issues Variable Funding Notes and Fixed Term Notes to purchasers. Each note bears interest on its note principal balance from the issue date payable in arrears on each settlement date in respect of the interest payment period ending on that settlement date. The rate of interest payable from time to time in respect of the note for each interest period is variable and is equal to the sum of i) the Interest Rate and ii) the Applicable Margin. The SPV has an interest rate swap to manage this interest rate risk.

In April 2014 the group issued a senior secured bond on the Irish Stock Exchange, at a fixed rate of interest.

iii) Credit risk

Due to the credit risk of the group's customer and intermediary base, the group has implemented policies that require appropriate credit checks on customers before advances are made. In particular, when the group relies on a contractual right of recourse from the introducer, underwriting and credit approval is undertaken, both at inception of any trading relationship and periodically thereafter to ensure that they should be able to meet their liabilities. When there is no right of recourse, underwriting of loans considers the type of insurance and the insurer to determine the ability to recover sufficient pro-rata return of premium in the event the loan has to be cancelled. Also considered is the financial viability of borrowers with loans where the return of premium may not be sufficient to cover any outstanding balance.

iv) Liquidity risk

Liquidity risk is the risk that the group does not have available funds for ongoing operations. In 2014 the securitisation facility remained at £1,150 million but was extended for a further year to 25 September 2017. Funding continues to be provided by seven banks through this £1,150 million three year securitisation facility, via the SPV. In addition, the group raised £200m in the year, before issuance costs, through the issue of a secured corporate bond on the Irish Stock Exchange. The bond was issued by Mizzen Bondco Limited, a group subsidiary, and is secured against the assets and future earnings of group subsidiaries. Adverse circumstances impacting the ability of Premium Credit Limited to distribute dividends at the level envisaged in the bond offer document could restrict the ability of the group to both service debt repayments and raise additional finance.

v) Foreign Exchange rate risk

The group operates in Ireland as well as the UK and is exposed to foreign exchange rate risk arising from currency exposures. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities. The level of operations in Ireland is not considered to be significant and as such the foreign exchange risk is deemed to be acceptable. There are no policies in place to mitigate this risk.

vi) Regulatory and compliance risks

From 1 April 2014, regulation of Premium Credit Limited, the primary trading company, transferred from the Office of Fair Trading (OFT) to the Financial Conduct Authority (FCA). Premium Credit Limited was granted intermediate authorisation and is currently applying for full authorisation. The group has a dedicated regulatory and compliance function who have oversight for the group's compliance with the relevant regulatory environment.

vii) Operational risks

The group's operational risks include CyberSecurity risk, fraud, people, taxation and technology. The risks are managed by adhering to an established business model, following a risk management approach and maintaining clear limits and metrics.

On behalf of the board

A.S. Doman
Director
13th April 2015

Mizzen Mezzco Limited

Directors' report for the year ended 31 December 2014

The directors present their report and audited consolidated financial statements of the group for the year ended 31 December 2014.

The sections covering the review of the business and future outlook, the business environment, the principal risks and uncertainties and KPIs are covered within the strategic report.

Principal activities

The principal activity of the group is the financing of insurance premiums and instalment services in the UK and Ireland. The group also operates through a branch in Ireland. The results for the group show a profit for the financial year/period of £6.5 million (2013: loss £0.5 million).

Directors

The directors who were in office during the period and up to the date of signing the Annual report were:

A.S. Doman		P. Catterall	(appointed 27 February 2015)
L.C. Powers-Freeling		M. Crewe	(appointed 27 February 2015)
J. Reeve		A. Santospirito	(appointed 27 February 2015)
M.S. Hollander	(resigned 27 February 2015)	C. Burke	(appointed 5 March 2015)
A.D. Cohen	(resigned 27 February 2015)		
C.E. Roche	(resigned 27 February 2015)		

During the year and up to the date of this report, the company maintained liability insurance and third-party indemnification provisions for its directors, under which the company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the company and any of its associated companies. These indemnities are Qualifying Third-Party Indemnity Provisions as defined in Section 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the company during business hours on any weekday except public holidays.

Results for the year

The results for the year are set out in the strategic report on page 2.

Dividends

During the year the directors declared and approved dividends of £91.8 million (2013: £6.6 million). After the payment of dividends of £91.8 million, the group had a deficit in consolidated shareholders' funds of £(60.0) million (2013: £25.5 million surplus). On 25 February 2015 the company approved and paid a dividend of £11.6 million.

Employee activities

The directors seek to recruit people who are enthusiastic and focused on serving the group's clients and customers. The directors oversee a comprehensive range of education and development programmes to assist people in improving their technical and managerial skills.

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its performance. The group encourages the involvement of employees by means of regular bulletins and presentations.

Donations

During the year the group donated £8,440 (2013:£8,857) to charitable causes.

Directors' report for the period ended 31 December 2014 *(continued)*

Post balance sheet event

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

Following 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.

Please see note 30 (page 24) in the Notes to the financial statements for the composition of "Cinven".

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each person who is a director at the time of approval of the Annual report confirms the following:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board

A.S.Doman
Director
13th April 2015

Independent auditors' report to the members of Mizzen Mezzco Limited

Report on the financial statements

Our opinion

In our opinion, Mizzen Mezzco Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Mizzen Mezzco Limited's financial statements comprise:

- Consolidated and parent company balance sheet as at 31 December 2014;
- Consolidated profit and loss account and statement of group total recognised gains and losses for the year then ended;
- Consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Mizzen Mezzco Limited *(continued)*

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Matthew Falconer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13th April 2015

Mizzen Mezzco Limited

Consolidated profit and loss account for the year ended 31 December 2014

	Note	2014	Period ended 2013
		£'000	£'000
Group turnover	3	**118,376**	128,491
Administrative expenses	4	**(61,318)**	(72,305)
Group operating profit		**57,058**	56,186
Interest receivable and similar income	6	**-**	11
Interest payable and similar charges	7	**(50,009)**	(49,727)
Profit on ordinary activities before taxation	8	**7,049**	6,470
Tax on profit on ordinary activities	9	**(572)**	(7,014)
Profit/(loss) for the financial year	23	**6,477**	(544)

There is no material difference between the above results and their historical cost equivalents.

Results relate to continuing operations.

Consolidated statement of group total recognised gains and losses for the year ended 31 December 2014

	Note	2014	Period ended 2013
		£'000	£'000
Profit/(loss) for the financial year	23	**6,477**	(544)
Foreign currency translation difference	23	**(166)**	(244)
Total recognised gains and losses for the financial year		**6,311**	(788)

Mizzen Mezzco Limited

Consolidated balance sheet as at 31 December 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Intangible assets	13		**9,469**		10,088
Tangible assets	14		**2,967**		1,052
			12,436		11,140
Current assets					
Debtors	16	**1,390,617**		1,314,540	
Cash at bank and in hand	17	**57,185**		41,857	
		1,447,802		1,356,397	
Creditors: amounts falling due within one year	18	**(929,183)**		(901,196)	
Net current assets			**518,619**		455,201
Total assets less current liabilities			**531,055**		466,341
Creditors: amounts falling due after more than one year	19		**(591,044)**		(440,800)
Net (liabilities)/ assets			**(59,989)**		25,541
Capital and reserves					
Called up share capital	22		**32,921**		32,921
Profit and loss account	23		**(92,910)**		(7,380)
Total shareholders' (deficit)/funds	24		**(59,989)**		25,541

These consolidated financial statements and notes on pages 9 to 24 were approved by the Board of Directors on 13th April 2015 and signed on its behalf by:

A.S Doman
Director
Mizzen Mezzco Limited
Company Number 08179245

Mizzen Mezzco Limited

Company balance sheet as at 31 December 2014

	Note		2014		2013
		£'000	**£'000**	£'000	£'000
Fixed asset investments					
Investments	15		**32,921**		32,921
Current assets					
Debtors	16	**11,224**		68,979	
Creditors: amounts falling due within one year	18	**(9,571)**		(68,679)	
Net current assets			**1,653**		300
Net assets			**34,574**		33,221
Capital and reserves:					
Called up share capital	22		**32,921**		32,921
Profit and loss account	23		**1,653**		300
Total shareholders' funds	24		**34,574**		33,221

These financial statements and notes on pages 9 to 24 were approved by the Board of Directors on 13th April 2015 and signed on its behalf by:

A.S.Doman
Director
Mizzen Mezzco Limited
Company Number 08179245

Mizzen Mezzco Limited

Consolidated cashflow statement as at 31 December 2014

	Note		2014		2013
		£'000	**£'000**	£'000	£'000
Net cash inflow from operating activities	25		**12,523**		17,649
Returns on investments and servicing of finance					
Interest received		**-**		11	
Interest paid		**(47,838)**		(41,828)	
Equity dividends paid to shareholders		**(91,841)**		(6,592)	
Net cash outflow from returns on investments and servicing of finance			**(139,679)**		(48,409)
Taxation			**(2,607)**		(4,748)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(2,828)**		(551)	
Expenditure to acquire intangible assets		**(2,025)**		-	
Net cash outflow for capital expenditure and financial investment			**(4,853)**		(551)
Acquisitions and disposals					
Purchase of subsidiary undertaking		**-**		(172,000)	
Acquisition expenses		**-**		(3,308)	
Cash acquired with subsidiary		**-**		263	
Settlement of debt on acquisition				(736,953)	
Net cash outflow before use of liquid resources and financing			**-**		(911,998)
Management of liquid resources		**-**		-	
Net cash inflow from management of liquid resources			**-**		-
Financing					
Issue of ordinary share capital		**-**		32,921	
Increase in borrowings		**250,187**		957,237	
Repayments		**(100,077)**		-	
Net cash inflow from financing			**150,110**		990,158
Effects of foreign exchange			**(166)**		(244)
Increase in cash			**15,328**		41,857

Reconciliation to net debt

	Note	2014 £'000	2013 £'000
Net debt as at 1 January 2014/14 August 2012		**(923,251)**	-
Increase in net cash		**15,328**	41,857
Movement in borrowings		**(150,110)**	(965,108)
Net debt at 31 December	26	**(1,058,033)**	(923,251)

1 Accounting policies

A summary of the principal accounting policies, which have been applied consistently, is set out below:

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 period, are set out below.

Going concern

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

Basis of consolidation

The financial information of the group incorporates the assets, liabilities and results of Mizzen Mezzco Limited and its subsidiary undertakings. The financial statements of subsidiaries have the same year end as the parent company, and have been prepared using accounting policies which are uniform across the group and any profits or losses on intra group transactions have been eliminated. The group has a Special Purpose Vehicle, PCL Funding I Limited, which is used to provide funding to the group. The assets, liabilities and results of PCL Funding I Limited are also incorporated as part of the Mizzen Mezzco group.

Turnover and revenue recognition

Turnover represents finance charge income earned during the year net of commissions and other incentives payable. Turnover was predominantly derived from activities in the European Union. 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 is recognised in the profit and loss account on an accruals basis. Interest receivable represents amounts due from Mizzen Midco Limited on intercompany loans and from interest on bank balances. Interest expense is the amount due to Mizzen Topco S.C.A on intercompany loans. The interest costs incurred have been charged to the profit and loss account on an accruals basis.

Bad and doubtful debts

The group maintains a provision for bad and doubtful debts at an amount sufficient to absorb losses inherent in the group'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.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed annually by the directors or where there has been an indication of potential impairment.

Comparative period

The comparative period is for the period 14 August 2012 to 31 December 2013.

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 3-5 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.

1 Accounting policies *(continued)*

Pension costs

The group 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 group.

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:

i) 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
ii) 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.

Cash at bank

There are three elements within cash balances consisting of pre-funding cash, encumbered cash and free cash. Pre-funding cash in SPV is only available for the purposes of funding new assets. Encumbered cash of £10 million is included in SPV and PCL Limited cash balances to reduce the credit risk of loan note holders. Free cash is used for any other funding requirements, such as for the purposes of group companies. Cash at bank is held within Sterling bank accounts in SPV and Sterling, Euro, US dollar bank accounts in PCL.

2 Segmental reporting

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

3 Group Turnover

	2014	Period ended 2013
	£'000	£'000
Gross collections	**219,936**	232,785
Less intermediary and finance commission payments	**(101,560)**	(104,294)
Group turnover	**118,376**	128,491

The intermediary payments and finance commission payments relate to broker earnings collected by Premium Credit Limited, a subsidiary company, on behalf of brokers and intermediaries.

Notes to the financial statements for the year ended 31 December 2014 *(continued)*

4 Administrative expenses

	2014 £'000	Period ended 2013 £'000
Employee expenses (see note 5)	**20,601**	21,224
Other administrative expenses	**40,717**	51,081
	61,318	72,305

5 Employee information

During 2014 all of the personnel of the group and company (including directors) were employed by its wholly owned subsidiary, Premium Credit Limited. The average monthly number of employees (including executive directors) employed by the group during the year was 357 (2013: 337). All employees were engaged in the financing of insurance premiums and instalment services.

Directors' emoluments for the group Employee expenses, including directors' emoluments:	2014 £'000	Period ended 2013 £'000
Wages and salaries	**17,501**	18,024
Social security costs	**2,113**	2,124
Other pension costs	**987**	1,076
	20,601	21,224

The group operates a defined contribution pension scheme on behalf of its qualifying employees. There were no outstanding or prepaid pension contributions at the balance sheet date.

	2014 £'000	Period ended 2013 £'000
Aggregate emoluments	**774**	705
Compensation for loss of office	**-**	-
Group pension contributions	**-**	-
	774	705

No retirement benefits are accruing to any directors under the group's defined contribution pension scheme. The directors' costs were borne by a subsidiary company, Premium Credit Limited.

Highest paid director

	2014 £'000	Period ended 2013 £'000
Aggregate emoluments	**674**	458

No share options have been granted or exercised during the year.

6 Interest receivable and similar income

	2014 £'000	Period ended 2013 £'000
Interest receivable from bank deposits	**-**	11

7 Interest payable and similar charges

	2014 £'000	Period ended 2013 £'000
Interest payable to group undertakings	**1,672**	7,916
Interest payable to securitising banks	**27,655**	32,494
Interest payable on interest rate hedge	**2,406**	2,748
Interest payable on Mezzanine Finance	**9,215**	6,569
Interest payable on corporate bond	**9,061**	-
	50,009	49,727

8 Profit on ordinary activities before taxation

	2014	Period ended 2013
Profit on ordinary activities before taxation is stated after charging:	**£'000**	£'000
Operating lease rentals – plant and machinery	**322**	311
Operating lease rentals – other	**631**	780
Depreciation charge on tangible fixed assets	**913**	688
Amortisation charge on goodwill and other intangible assets	**2,644**	3,296
Impairment of loans and advances to customers	**4,918**	5,610
Auditors' remuneration:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	**6**	5
Fees payable to company's auditor and its associates for other services - the audit of the company's subsidiaries pursuant to legislation.	**1,224**	127

9 Tax on profit on ordinary activities

(a) Analysis of tax in the period

Current tax:	2014 £'000	Period ended 2013 £'000
UK corporation tax on profit for the year	**2,560**	6,908
Double tax relief	**(228)**	(640)
Adjustments in respect of prior periods	**(2,070)**	-
Current tax	**262**	6,268
Foreign tax	**228**	640
Foreign tax	**228**	640
Total current tax	**490**	6,908

9 Tax on profit on ordinary activities *(continued)*

(a) Analysis of tax in the period *(continued)*

Deferred tax	**2014 £'000**	2013 £'000
Origination and reversal of timing differences	**79**	35
Adjustment in respect of prior periods	**3**	6
Impact of change in UK tax rate	-	65
Total deferred tax (note 10)	**82**	106
Tax on profit on ordinary activities	**572**	7,014

The standard rate of corporation tax in the United Kingdom reduced from 23% to 21% on 1 April 2014, and through the enactment of the Finance Act 2013 on 17 July 2013, will reduce further to 20% from 1 April 2015. Therefore, the company's profits for this accounting period are taxed at a standard effective rate of 21.5% (2013: 23.36%).

Under UK GAAP deferred tax assets and liabilities are recognised at the tax rates that are expected to apply during the period in which the asset is realised or liability is settled based on tax rates that have been substantively enacted at the balance sheet date. Accordingly, the deferred tax balances at 31 December 2014 have been reflected at a tax rate of 20%.

(b) Factors affecting the tax charge for the current period

The tax assessed on the profit on ordinary activities for the period is lower than the standard effective rate of corporation tax in the UK which is currently 21.5% effective from 1 April 2014. The differences are reconciled below.

	2014 £'000	Period ended 2013 £'000
Profit on ordinary activities before taxation	**7,049**	6,470
Profit on ordinary activities multiplied by the standard effective rate of corporation tax in the UK of 21.49% (2013:23.36%)	**1,515**	1,511
Permanent differences in respect of disallowed expenditure	**1,131**	5,432
Adjustments in respect of prior periods	**(2,070)**	-
Other short term timing differences	**(86)**	(35)
Total current tax	**490**	6,908

10 Deferred taxation

Deferred tax included in the balance sheet is as follows:

Group	**2014 £'000**	Period ended 2013 £'000
Accelerated capital allowances	**346**	435
Rate change	**6**	-
Deferred tax asset (see note 16)	**352**	435
Deferred tax movement for the year:		
At 1 January/on acquisition	**434**	541
Profit and loss charge (note 9)	**(82)**	(106)
At 31 December	**352**	435

Notes to the financial statements for the year ended 31 December 2014 *(continued)*

11 Company profit for the financial year

As permitted by section 408 of the Companies Act 2006, a separate company profit and loss account has not been included in these financial statements. The company profit for the financial period is £93.2 million.

12 Dividends

Company	2014 £'000	2013 £'000
Ordinary shares		
Declared and paid 20 December 2012: £0.13 per £1 share	**-**	1,792
Declared and paid 22 May 2013: £0.15 per £1 share	**-**	4,800
Declared and paid 8 May 2014: £2.79 per £1 share	**91,841**	-
	91,841	6,592

On 25 February 2015 the company approved and paid a dividend of £11.6 million (£0.35 per £1 share).

13 Intangible assets

	Goodwill	Assets under construction	Software licences	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2014	13,158	-	1,164	14,322
Additions	-	2,025	-	2,025
At 31 December 2014	**13,158**	**2,025**	**1,164**	**16,347**
Accumulated amortisation				
At 1 January 2014	3,070	-	1,164	4,234
Amortised in period	2,632	12	-	2,644
At 31 December 2014	**5,702**	**12**	**1,164**	**6,878**
Net book value at 31 December 2014	**7,456**	**2,013**	**-**	**9,469**
Net book value at 31 December 2013	10,088	-	-	10,088

Assets under construction relate to internally developed software. The directors do not consider there to be any evidence of impairment of the assets.

14 Tangible assets

	Vehicles and other equipment	Leasehold improvements	Total
	£'000	£'000	£'000
Cost			
At 1 January 2014	6,714	1,830	8,544
Additions	2,828	-	2,828
Disposals	(128)	-	(128)
Exchange difference	(2)	-	(2)
At 31 December 2014	**9,412**	**1,830**	**11,242**
Accumulated depreciation			
At 1 January 2014	5,848	1,644	7,492
Charged in period	820	93	913
Disposals	(128)	-	(128)
Exchange difference	(2)	-	(2)
At 31 December 2014	**6,538**	**1,737**	**8,275**
Net book value at 31 December 2014	**2,874**	**93**	**2,967**
Net book value at 31 December 2013	866	186	1,052

No fixed assets are held by the company.

Notes to the financial statements for the year ended 31 December 2014 *(continued)*

15 Fixed assets investments

Shares in group undertakings	**2014 £'000**	2013 £'000
Cost and net book value		
At 31 December	**32,921**	32,921

Principal subsidiary undertakings at 31 December 2014

Name	**Parent entity**	**Principal activity**	**Country of incorporation**	**Group Interest**	**Share Capital**
Mizzen Midco Ltd	Mizzen Mezzco Ltd	Holding company	UK	100%	£2,205,000
Mizzen Bondco Ltd	Mizzen Midco Ltd	Bond financing	UK	100%	£1
Mizzen Mezzco 2 Ltd	Mizzen Bondco Ltd	Mezzanine financing	UK	100%	£32,921,166
Mizzen Bidco Ltd	Mizzen Mezzco 2 Ltd	Investment company	UK	100%	£32,921,166
Vendcrown Ltd	Mizzen Bidco Ltd	Holding company	UK	100%	£16,258
Premium Credit Ltd	Vendcrown Ltd	Premium financing	UK	100%	£10,000
Direct Debit Management Services Ltd	Premium Credit Ltd	Dormant	UK	100%	£2

The directors believe that the carrying value of the investments is supported by their underlying assets.

Principal subsidiary undertakings at 31 December 2013

Name	**Parent entity**	**Principal activity**	**Country of incorporation**	**Group Interest**	**Share Capital**
Mizzen Mezzco 2 Ltd	Mizzen Bondco Ltd	Mezzanine financing	UK	100%	£32,921,166
Mizzen Bidco Ltd	Mizzen Mezzco 2 Ltd	Investment company	UK	100%	£32,921,166
Vendcrown Ltd	Mizzen Bidco Ltd	Holding company	UK	100%	£16,258
Premium Credit Ltd	Vendcrown Ltd	Premium financing	UK	100%	£10,000
Direct Debit Management Services Ltd	Premium Credit Ltd	Dormant	UK	100%	£2

In April 2014, a group restructuring was undertaken to facilitate the refinancing of the group. Two new entities were inserted into the group structure, Mizzen Midco Limited and Mizzen Bondco Limited. As part of the restructuring exercise Mizzen Mezzco Limited disposed of its entire holding in Mizzen Mezzco 2 Limited to Mizzen Bondco Limited. Mizzen Mezzco retained outright ownership during the period with no loss of control over group subsidiaries.

16 Debtors

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Loans and advances to customers	**1,382,579**	1,304,113	**-**	-
Amounts owed from group undertakings	**-**	-	**11,224**	68,979
Other debtors	**970**	781	**-**	-
Deferred tax asset (see note 10)	**352**	435	**-**	-
Prepayments and accrued income	**6,716**	9,211	**-**	-
	1,390,617	1,314,540	**11,224**	68,979

Unearned income of £30.4 million (2013: £29.3 million) is netted off against loans and advances to customers. Loans and advances to customers are stated after deduction of a provision for irrecoverable debts. The provision at 31 December 2014 was £2.7 million (2013: £3.5 million). Loans and advances to customers due after more than one year amounted to £191,000 (2013: £ nil).

The amounts owed by group undertakings relate to a balance owed by Mizzen Midco Limited, the subsidiary company.

17 Cash at bank and in hand

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Cash at bank	**57,185**	41,857	**-**	-

Cash at bank includes encumbered cash balances held by Premium Credit Funding 1 Limited. Cash at bank comprises of sterling, US dollars and Euro balances.

18 Creditors: amounts falling due within one year

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Trade creditors	**387,583**	364,594	**-**	-
Securitisation notes	**514,879**	455,736	**-**	-
Amounts owed to group undertakings	**9,322**	68,600	**9,571**	68,679
Corporation tax	**93**	2,210	**-**	-
Other taxation and other social security	**644**	522	**-**	-
Other creditors	**544**	638	**-**	-
Accruals and deferred income	**16,118**	8,896	**-**	-
	929,183	901,196	**9,571**	68,679

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 amounts owed to group undertakings relate to a balance owed to Mizzen Topco S.C.A, the immediate parent company.

19 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Mezzanine finance loan	**-**	40,800
Corporate bond	**191,044**	-
Securitisation notes	**400,000**	400,000
	591,044	440,800

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 25 September 2017.

As part of the refinancing of the group a secured corporate bond was issued by Mizzen Bondco Limited, a group subsidiary. The bond principal of £200 million is stated after issuance costs of £9 million. The bond carries a fixed rate of interest of 7 percent and matures 1 May 2021.

20 Obligations under leases

Annual commitments under non-cancellable operating leases are as follows:

	Land & Buildings		**Other**	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Arising in the following year and expiring:				
Within one year	**-**	105	**81**	170
Between one and five years	**620**	542	**189**	48
	620	647	**270**	218

21 Capital commitments

Capital expenditure authorised and contracted for but not provided in the financial statements amounts to £1.7 million (2013: £1.0 million). The outstanding commitments relate to software development of £1.6 million and computer hardware of £0.1 million.

22 Called up share capital

Company	**2014**	2013
	£	£
Allotted and fully paid up		
32,921,000 "A" ordinary shares of £1 (2013: 32,921,000 "A" ordinary shares of £1)	**32,921**	32,921

23 Profit and loss account

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
At 1 January/14 August 2012	**(7,380)**	-	**300**	-
Profit/(loss) for the financial period	**6,477**	(544)	**93,194**	6,892
Foreign currency translation movement	**(166)**	(244)	**-**	-
Dividend paid	**(91,841)**	(6,592)	**(91,841)**	(6,592)
At 31 December	**(92,910)**	(7,380)	**1,653**	300

24 Reconciliation of the movements in shareholders' funds

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Opening shareholders' funds at 1 January/14 August 2012	**25,541**	-	**33,221**	-
Net proceeds of issue of ordinary share capital	**-**	32,921	**-**	32,921
Profit/(loss) for the financial year	**6,477**	(544)	**93,194**	6,892
Foreign currency translation movement	**(166)**	(244)	**-**	-
Dividend paid	**(91,841)**	(6,592)	**(91,841)**	(6,592)
Closing shareholders' (deficit)/funds at 31 December	**(59,989)**	25,541	**34,574**	33,221

25 Reconciliation of operating profit to net cash flow from operating activities

Group	**2014 £'000**	2013 £'000
Group Operating profit	**57,058**	56,186
Depreciation charge	**913**	688
Amortisation charge	**2,644**	3,296
Increase in debtors	**(76,159)**	(77,262)
Increase in creditors	**28,067**	34,741
Net cash inflow from continuing operations	**12,523**	17,649

26 Analysis of net debt

Group	**As at 1 January 2014 £'000**	**Cash flow £'000**	**Exchange movements £'000**	**As at 31 December 2014 £'000**
Cash in hand and at bank	**41,857**	15,328	-	**57,185**
Debt due after more than one year	**(440,800)**	(150,244)	-	**(591,044)**
Debt due within one year	**(524,308)**	134	-	**(524,174)**
	(923,251)	(134,782)	-	**(1,058,033)**

27 Pension Commitments

The cost of contributions to the defined contribution scheme amounts to £1.0 million (2013: £1.1 million). There were no outstanding or prepaid contributions (2013:£ nil).

28 Related party transactions

There are related party transactions with GTCR LLP, the ultimate controlling party at 31 December 2014. Management fees of £600,000 (2013: £700,000) were paid to GTCR LLP in the period, together with reimbursed travel and entertainment expenses of £205,164 (£2013: £308,642).

The bond issuance costs from GTCR LLP of £2.0 million were capitalised and subsequently set off against the borrowings.

At 31 December 2014 there is an intercompany loan of £9,570,640 (2013: £68,607,205) owed by Mizzen Mezzco Limited to Mizzen Topco S.C.A., which was set up as part of initial acquisition transaction on 31 October 2012. Interest was charged at 8.135% and there is £9,570,639 of accrued interest included in the total (2013: £7,898,573), with only £1 of principal outstanding.

29 Ultimate parent company

The immediate and ultimate parent company at 31 December 2014 was Mizzen Topco S.C.A., a company incorporated in Luxembourg.

Mizzen Mezzco Limited is the smallest and largest groups of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of Mizzen Mezzco Limited will be available from 18 South Street, London W1K 1DG.

30 Post balance sheet event

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

Following 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.

“Cinven” means, as the context requires, Cinven Group Limited, Cinven Partners LLP, Cinven (Luxco1) S.A., Cinven Limited, Cinven Capital Management (V) General Partner Limited and their respective Associates (as defined in the Companies Act 2006) and/or funds managed or advised by any of the foregoing.