Premium Credit Limited

Annual report and financial statements

for the year ended 31 December 2014

Registered number 2015200

Premium Credit Limited

Annual report and financial statements for the year ended 31 December 2014

Premium Credit Limited

Directors and registered office

Directors

A.S. Doman
P. Catterall
M. Crewe
A. Santospirito
L.C. Powers-Freeling
J. Reeve
C. Burke

Registered office

Premium Credit House
60 East Street
Epsom
Surrey KT17 1HB

Independent auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2 RT

Premium Credit Limited

Strategic report for the year ended 31 December 2014

Review of the business and future outlook

The principal activity of the company 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 company in the UK and Ireland with market share circa 60%. The company has 2.1 million customers and achieved gross advances of £3.8 billion in the year processing 27.5 million direct debits.

The results for the company show profit for the financial year of £29.5 million (2013: £30.5 million). Following the strong performance and after the payment of dividends of £10.0 million (2013: £30.0 million), shareholders' funds have increased to £161.9 million (2013: £142.5 million). Premium Credit Limited has continued to deliver a solid underwriting performance, with a loss ratio of 0.39% of average loans to customers for the year (2013: 0.37%).

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.

Measurement and performance

Net advances for the year were £3.3 billion (2013: £3.2 billion) and the total of non-cancelled agreements at the year end was 2.1 million (2013: 2.0 million).

On 30 September 2014 the company's existing £1.15 billion securitisation facility was extended by one year to 25 September 2017, with the existing seven banks, Bank of America Merrill Lynch, Citigroup, Barclays Capital, Lloyds Banking Group, Deutsche Bank, HSBC and Société Générale. The securitisation has ratings of "A+" by DBRS Inc and a "Aa2" from Moodys.

The company works with more than half of the top 50 UK brokers and intermediaries. The company 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 company also provides monthly instalment facilities for school fees and other subscriptions.

Key Performance Indicators ("KPI's")

	Description	**2014**	2013	Comment
Net advances	Value of loans financed	**£3,297m**	£3,185m	An overall increase of 3.5% with increases across all lines of business
Loss ratio	Ratio of incurred losses to average loans to customers	**0.39%**	0.37%	An increase of loss ratio by 0.05%
Non-cancelled agreements	New business and renewal agreements which are expected to complete to term	**2.135m**	2.013m	An increase of 6.1% due to a growth across all business lines.
Total Shareholders' funds	As at the year end	**£161.9m**	£142.5m	After a dividend payment of £10.0m.
No of direct debits processed	Number processed in the year	**27.5m**	25.8m	An increase of 6.6% due to increase in levels of advances.

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

Principal risks and uncertainties

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

i) Financial risk management

The company'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 company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company 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. PCL Funding I Limited issues Variable Funding Notes (VFNs) 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 company's customer and intermediary base, the company has implemented policies that require appropriate credit checks on customers before advances are made. In particular, when the company 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 company does not have available funds for ongoing operations. In 2014 the securitisation funding facility was £1,150 million (2013: £1,150 million) and was extended for a further year until September 2017. Funding is provided by seven banks through this £1,150 million three year securitisation facility, via a Special Purpose Vehicle, PCL Funding I Limited.

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.

Premium Credit Limited

Strategic report for the year ended 31 December 2014 *(continued)*

Principal risks and uncertainties *(continued)*

vii) Operational risks

The company's operational risks include cyber security 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

Premium Credit Limited

Directors' report for the year ended 31 December 2014

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

Principal activities

The principal activity of the company is the financing of insurance premiums and instalment services in the UK and Ireland. The company operates through a branch in Ireland.

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

Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

A.S. Doman	
L.C. Powers-Freeling	
J. Reeve	
M.S. Hollander	(resigned 27 February 2015)
A.D. Cohen	(resigned 27 February 2015)
C.E. Roche	(resigned 27 February 2015)
P. Catterall	(appointed 27 February 2015)
M. Crewe	(appointed 27 February 2015)
A. Santospirito	(appointed 27 February 2015)
C. Burke	(appointed 5 March 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 £10.0 million (2013: £30.0 million). On 25 February 2015 the company approved and paid a dividend of £23.5 million.

Employee activities

The directors seek to recruit people who are enthusiastic and focused on serving the company'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 company 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 company 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 company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The company 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 company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its performance. The company encourages the involvement of employees by means of regular bulletins and presentations.

Donations

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

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 Mizzen Topco S.C.A to "Cinven" for an enterprise value of £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 the acquisition by "Cinven" a corporate restructuring was undertaken and the Board considers the ultimate parent undertaking to be Pomegranate Topco Limited, which is incorporated in Jersey.

Please see note 27 (page 20) 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 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 company 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company 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 financial statements confirms the following:

- so far as the director is aware, there is no relevant audit information of which the company'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 company's auditors are aware of that information.

On behalf of the board

A.S. Doman
Director
13th April 2015

Independent auditor's report to the members of Premium Credit Limited

Report on the financial statements

Our opinion

In our opinion, Premium Credit Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit 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

Premium Credit Limited's financial statements comprise:

- Balance sheet as at 31 December 2014;
- Profit and loss account and statement of total recognised gains and losses 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Independent auditor's report to the members of Premium Credit Limited
(continued)

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.

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 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

Premium Credit Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014	2013
		£'000	£'000
Turnover	3	**118,376**	110,719
Administrative expenses	4	**(58,621)**	(43,538)
Operating profit		**59,755**	67,181
Interest receivable and similar income	6	**104**	114
Interest payable and similar charges	7	**(29,228)**	(30,413)
Profit on ordinary activities before taxation	8	**30,631**	36,882
Tax on profit on ordinary activities	9	**(1,126)**	(6,415)
Profit for the financial year	22	**29,505**	30,467

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

Results relate to continuing operations.

Statement of total recognised gains and losses for the year ended 31December 2014

	Note	2014	2013
		£'000	£'000
Profit for the financial year	22	**29,505**	30,467
Foreign currency translation difference	22	**(166)**	161
Total recognised gains and losses for the financial year		**29,339**	30,628

Premium Credit Limited

Balance sheet as at 31 December 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Intangible assets	12		**2,013**		-
Tangible assets	13		**2,967**		1,052
Investment in subsidiary undertakings	14		-		-
			4,980		1,052
Current assets					
Debtors	15	**1,417,981**		1,331,448	
Cash at bank and in hand	16	**26,928**		8,722	
		1,444,909		1,340,170	
Creditors: amounts falling due within one year	17	**(888,023)**		(798,695)	
Net current assets			**556,886**		541,475
Total assets less current liabilities			**561,866**		542,527
Creditors: amounts falling due after more than one year	18		**(400,000)**		(400,000)
Net assets			**161,866**		142,527
Capital and reserves					
Called up share capital	21		**10**		10
Profit and loss account	22		**161,856**		142,517
Total shareholders' funds	23		**161,866**		142,527

These financial statements and notes on pages 9 to 20 were approved by the Board of Directors on 13th April 2015 and signed on its behalf by:

ASDoman

A.S. Doman
Director
Premium Credit Limited
Company Number 2015200

Notes to the financial statements for the year ended 31 December 2014

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 year, are set out below.

Going concern

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

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 United Kingdom. The whole of the finance income of each finance agreement is recognised over the period of the underlying agreement using the sum of digits methodology. Income is deferred by reference to the number of days remaining outstanding on each agreement at the balance sheet date.

Interest receivable and payable

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

Bad and doubtful debts

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

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and any provision for impairment in value. Cost includes the original purchase price of the intangible asset and the costs attributable to bringing the intangible asset to its working condition for its intended use. Impairment reviews are conducted to ensure the recoverability of the carrying amount of the intangible assets. Intangible fixed assets are amortised on a straight line basis over the anticipated life of the underlying asset or rights acquired, presently 3to5 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 company participates in a defined contribution pension scheme operated by an independent fund manager. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the company.

Taxation

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

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

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.

Cash flow statement

The directors regard Mizzen Topco S.C.A., a company incorporated in Luxembourg as the ultimate parent company (see note 26). The largest company incorporated in the United Kingdom in which the company is consolidated as at 31 December 2014 is Mizzen Mezzco Limited. Accordingly the cash flows of the company are included in the Mizzen Mezzco Limited consolidated cash flow statement and, under the provisions of FRS 1 "Cash Flow Statements (Revised 1996)" the company is exempt from publishing a cash flow statement.

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 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.

Exemption from consolidation

The company is exempt under Companies Act 2006 section 400 from the obligation to prepare and deliver group financial statements as it is itself a wholly owned subsidiary of a larger group drawing up consolidated financial statements, as detailed in note 26. As a consequence, these financial statements present information about the company as an individual undertaking and not about its group.

1 Accounting policies *(continued)*

Operating leases

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

2 Segmental reporting

The company 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 company's business is not provided.

3 Turnover

	2014 £'000	2013 £'000
Gross collections	**219,936**	203,323
Less intermediary finance commission payments	**(101,560)**	(92,604)
Turnover	**118,376**	110,719

The intermediary payments and finance commission relate to broker earnings collected by the company on behalf of brokers and intermediaries.

4 Administrative expenses

	2014 £'000	2013 £'000
Employee expenses (see note 5)	**20,601**	18,460
Other administrative expenses	**38,020**	25,078
	58,621	43,538

5. Employee information

During 2014 the company employed all of the personnel (including directors) of the company. The average monthly number of employees (including executive directors) employed by the company during the year was 357 (2013: 337). All employees are engaged in the financing of insurance premiums and instalment services.

Employee expenses, including directors' emoluments:	2014 £'000	2013 £'000
Wages and salaries	**17,501**	15,678
Social security costs	**2,113**	1,849
Other pension costs	**987**	933
	20,601	18,460

The company 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.

Premium Credit Limited

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

5 Employee information *(continued)*

Directors emoluments	2014 £'000	2013 £'000
Aggregate emoluments	774	705

No retirement benefits are accruing to directors (2013: £ nil) under the company's defined contribution pension scheme.

Highest paid director	2014 £'000	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	2013 £'000
Interest receivable from bank deposits	-	11
Interest receivable from group undertakings	104	103
	104	114

7 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable	29,228	30,413

Interest is payable to PCL Funding I Ltd and then onto the securitising banks.

8 Profit on ordinary activities before taxation

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation is stated after charging:		
Operating lease rentals – plant and machinery (vehicles)	322	287
Operating lease rentals – land and buildings	631	659
Depreciation charge on tangible fixed assets	913	577
Amortisation charge on intangible fixed assets	12	162
Impairment of loans and advances to customers	4,918	4,953
Auditors' remuneration :		
Fees payable to the company's auditor for the audit of the company's annual financial statements	266	118
Fees payable to the company's auditor for the non-audit services	1,224	-

9 **Tax on profit on ordinary activities**

(a) Analysis of tax in the year

	2014	2013
Current tax:	**£'000**	£'000
UK corporation tax on profit for the year	**2,560**	6,309
Double tax relief	**(228)**	(358)
Adjustments in respect of prior years	**(1,516)**	-
Current tax	**816**	5,951
Foreign tax	**228**	358
Foreign tax	**228**	358
Total current tax	**1,044**	6,309
Deferred tax (note 10):		
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	**1,126**	6,415

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: 23.25%).

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 year

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	2013
	£'000	£'000
Profit on ordinary activities before taxation	**30,631**	36,882
Profit on ordinary activities multiplied by UK/Ireland hybrid corporation tax rate of 21.5% (2013: 23.25%)	**6,584**	8,575
Effects of:		
Adjustments in respect of prior periods	**(1,516)**	433
Permanent differences in respect of disallowed expenditure	**565**	625
Group relief claimed for which no consideration was given	**(4,504)**	(3,289)
Other short term timing differences	**(85)**	(35)
Total current tax	**1,044**	6,309

10 Deferred taxation

Deferred tax included in the balance sheet is as follows:

	2014 £'000	2013 £'000
Accelerated capital allowances	346	435
Rate change	6	-
Deferred tax asset (see note 15)	352	435

Deferred tax movement for the year:

	2014 £'000	2013 £'000
At 1 January	434	541
Profit and loss charge (note 9a)	(82)	(106)
At 31 December	352	435

11 Dividends

	2014 £'000	2013 £'000
Ordinary shares		
Declared and paid: £1,000 (2013: £3,000) per £1 share	10,000	30,000

On 25 February 2015 the company approved and paid a dividend of £23.5 million (£2,349 per £1 share).

12 Intangible assets

	Assets under construction £'000	Other intangibles £'000	2014 Total £'000
Cost			
At 1 January 2014	-	1,164	1,164
Additions	2,025	-	2,025
At 31 December 2014	2,025	1,164	3,189
Accumulated amortisation			
At 1 January 2014	-	1,164	1,164
Amortised in period	12	-	12
At 31 December 2014	12	1,164	1,176
Net book value at 31 December 2014	2,013	-	2,013
Net book value at 31 December 2013	-	-	-

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

13 Tangible assets

	Vehicles and other equipment	Leasehold improvements	2014 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 year	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

14 Fixed asset investments

Principal subsidiary undertakings

Company	Principal Activity	Country of incorporation	Group Interest	Share Capital
				£
Direct Debit Management Services Limited	Dormant	UK	100%	2

The directors believe that the carrying value of the investment is supported by the underlying net assets.

15 Debtors

	2014	2013
	£'000	£'000
Loans and advances to customers	**1,382,579**	1,304,113
Amounts owed by group undertakings	**27,355**	16,908
Other debtors	**980**	781
Deferred tax asset (note 10)	**352**	435
Prepayments and accrued income	**6,715**	9,211
	1,417,981	1,331,448

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 amount to £191,000 (2013: £nil).

16 Cash at bank and in hand

	2014 £'000	2013 £'000
Cash at bank	**26,928**	8,722

17 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	**387,552**	364,564
Intercompany loans payable (securitisation notes)	**485,395**	422,599
Accruals and deferred income	**13,205**	8,719
Corporation tax	**93**	1,656
Other creditors	**1,134**	638
Taxation and other social security costs	**644**	519
	888,023	798,695

Securitisation notes relate to external variable rate funding provided to the group through a Special Purpose Vehicle ("SPV"), PCL Funding I Limited. The SPV is a sterling denominated Variable Note Issuance Programme. 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 the SPV relate to the drawn down by Premium Credit Limited under the note issuance programme.

The amounts owed to other group undertakings relate to various balances owed to other group companies.

18 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Intercompany loans payable (securitisation notes)	**400,000**	400,000

Securitisation notes relate to long term funding provided to the company by the SPV.

19 Obligations under leases

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

	Land & Buildings		Vehicles	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'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

Premium Credit Limited

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

20 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 £1.6m and computer hardware of £0.1 million.

21 Called up share capital

	2014	2013
	£'000	£'000
Allotted and fully paid		
10,000 ordinary shares of £1 each	**10**	10
Warrant over 10,000 ordinary shares of US $ 0.01 each	-	-
	10	10

There is a single class of ordinary shares.

On incorporation the company issued a warrant over 10,000 ordinary shares of US$0.01 each. The warrant has always been held by the registered shareholder of the 10,000 ordinary shares of £1 each and has not been surrendered to the company in exchange for entitlement to the 10,000 ordinary shares of US$1 each.

The warrant was not disclosed in 2013 financial statements. The warrant is currently securely held by the ultimate controlling party, "Cinven" (see page 6), for the benefit of Vendcrown Limited.

22 Profit and loss account

	2014	2013
	£'000	£'000
At 1 January	**142,517**	141,889
Profit for the financial year	**29,505**	30,467
Foreign currency translation movement	**(166)**	161
Dividend paid (note 11)	**(10,000)**	(30,000)
At 31 December	**161,856**	142,517

23 Reconciliation of the movements in shareholders' funds

	2014	2013
	£'000	£'000
Opening shareholders' funds at 1 January	**142,527**	141,899
Profit for the financial year	**29,505**	30,467
Foreign currency translation movement	**(166)**	161
Dividend paid (note 11)	**(10,000)**	(30,000)
Closing shareholders' funds at 31 December	**161,866**	142,527

24 Pension Commitments

The cost of contributions to the defined contribution pension scheme amounts to £1.0 million (2013: £0.9 million). There were no outstanding or prepaid contributions (2013: £ nil).

Premium Credit Limited

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

25 Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party Disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Mizzen Mezzco Limited or its subsidiaries (see note 26).

26 Ultimate parent undertaking

The immediate parent undertaking is Vendcrown Limited.

The ultimate parent undertaking at 31 December 2014 is Mizzen Topco S.C.A., a company incorporated in Luxembourg.

Mizzen Mezzco Limited is the parent undertaking of the largest and smallest group 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.

27 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 Mizzen Topco S.C.A to "Cinven" for an enterprise value of £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 the acquisition by "Cinven" a corporate restructuring was undertaken and the Board 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.