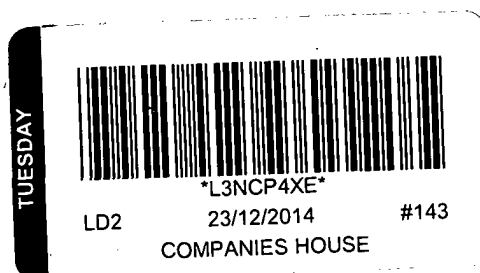


Registered Number: 03096334

CASH CONVERTERS (UK) LIMITED

Annual Report and Financial Statements

For the year ending 30 June 2014



CASH CONVERTERS (UK) LIMITED

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CASH CONVERTERS (UK) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Peter Cumins
Reginald Paul Webb
John Yeudall (Resigned 20th November 2013)
David Stephen Patrick

Company Secretaries

Derek Ralph Groom
Michael Osborne (Resigned 31st July 2014)

Registered office

Innovation House
Aston Lane South
Runcorn
Cheshire
WA7 3FY

Bankers

Barclays Bank PLC
PO Box 104
22-24 Upper Marlborough Road
St Albans
Hertfordshire
AL1 3AL

HSBC Bank PLC
99 High Street
Chelmsford
Essex
CM1 1EQ

National Westminster Bank PLC
PO Box 204
1 Hatton Garden
London
EC1P 1DU

Lloyds TSB Bank PLC
2nd Floor, 125 Colmore Row
Birmingham
B3 2SF

Solicitors

Alan Sméath & Company Solicitors
6 High Street
Woburn Sands
Milton Keynes
MK17 8RL

Eversheds
1 Wood Street
London
EC7V 7WS

Richard Jephson & Co
Common Farm
Lidlington
MK43 0SJ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, United Kingdom

CASH CONVERTERS (UK) LIMITED

STRATEGIC REPORT

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 30 June 2014.

The principal activities of the company are the retailing of second hand goods and a range of financial services via a store network comprising of owned and franchised outlets.

The net loss, excluding special items, after tax for the 12 month period ending 30 June 2014 was £2,736k (2013: Loss £888k). Exceptional items comprise restructuring costs of head office £668k (2013: Nil) and the provision for Ausgroup Limited for developing the personal finance products £848k (2013: £410k), which is described in more detail in note 22. Last year royalty payable to Cash Converters International Limited (CCIL) of £943k was also included in special items.

With continued challenging market conditions Corporate Stores saw a loss of £413k (2013: Profit £185k). Overall revenues for UK stores fell slightly to £31,628k (2013: £33,378k), however gross margin was maintained in the year showing £14,681k (2013: £13,710k).

The owned store network fell to 58 (2013: 63) in the year, due to management decision to close four loss making stores and sell one to an existing Franchisee. The closure costs incurred were £257k which has contributed to the loss in the year.

Total store numbers, including franchise operations stood at 225, 58 owned stores and 167 Franchise, at the end of June 2014. We continue to pro-actively market for new franchisees in areas where we feel we have a low level of market penetration, and although we anticipate further growth in franchised stores openings, there are now further barriers to entry, most notably access to small business financing. Existing franchisees have continued to enjoy strong business growth and this has given further encouragement to grow their store numbers, a trend we expect to continue.

The UK auction site continues to increase in terms of growth both in the number of registered users and the number of 'hits' to the site. There are now 187 stores (2013: 183) offering products on the auction site with over 199,500 (2013: 158,000) registered users. Store sales have increased by 11% and stood at £1,436k (2013: £1,281k), with Franchisees also increasing the volumes to £952k (2013: £518k).

The financial service products (cash advance and personal loans) which were launched in the UK in 2009 have continued to show a strong take up by both the franchised and corporate network with 180 (2013: 177) stores offering these products as at 30 June 2014.

In terms of cash advance the principal loaned was £34.8m (2013: £38.1m) with 258,136 (2013: 284,909) customers at an average loan amount of £135 (2013: £134).

Personal loans saw 27,288 (2013: 26,075) loans approved with 18,161 (2013: 23,977) active customers generating a gross loan book of £15.7m (2013: £20.2m). Online activities continue to increase with £3,002k (2013: £2,721k) worth of loans being written in the year, this shows a growth of 10%. We will continue to build our online presence in the coming year, we feel this is a significant area of growth.

The personal financial division turnover fell slightly to £20,763k (3%) however EBITDA increased to £3.6m (2013: £3.1m). Bad debt declined in the year to £9,696k (2013: £11,671k). We continue to look at ways to develop this business to a wider customer base through channel and product diversification.

CASH CONVERTERS (UK) LIMITED

STRATEGIC REPORT (Continued)

In summary turnover for the year has decreased for all divisions due to a focus on stabilising stores and the loan book bad debt, operating loss, excluding special items, of £2,590k (2012: £573k) has been generated. With management focusing on stabilising stores growth profit is expected in future years.

In February 2014 the Financial Conduct Authority (FCA) published rules for consumer credit firms, setting out the standards they have to meet to continue doing business, including rules reflecting the Office of Fair Trading (OFT) previous guidance, for example on assessing if loans are affordable. We have been granted interim permission and are currently in the process of preparing our application for full permission.

In July 2014, the FCA announced further changes to legislation in regards to the high-cost short-term credit industry in the UK. The FCA have been regulating the industry since April 2014 and have a clear remit to tackle poor conduct in the market and ensure that there is an appropriate degree of protection for consumers. All changes were implemented within the timescales.

In January 2015, the FCA will introduce a price cap on what high-cost short-term credit lenders can charge with a view to securing an appropriate degree of protection for borrowers against excessive charges. The proposed price cap will ensure consumers will never pay back more than twice what they have borrowed.

The consultation paper issued by the FCA was open for comments until 1 September 2014. Following a review of these responses, the FCA will issue their final policy proposal in November 2014.

HMRC also regulate the business for anti-money laundering requirements. They recently issued updated guidance effective from 8 August 2014. We continue to comply with the ongoing requirements.

Whilst it is evident that the new legislation will have an impact on margins, Cash Converters believe that the overall impact will be positive. The rate cap gives us the clarity and comparability while supporting a sustainable business model that will see earnings increase as our volume is expected to grow. The legislation also provides a framework to regulate the industry and therefore protect vulnerable members of society from unscrupulous operators. Cash Converters continues to pride itself on the founding ethos of "helping people get on with their lives", and believe by its efforts to be the most responsible lender in the market and providing a diverse and accessible product range, there are great opportunities to continue the success of this area of the business.

Going Concern

Cash Converters business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2. The company has net current assets of £21,912k at 30 June 2013 (2013: £21,205k). The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company.

Cash Converters has a number of long term contracts with Franchisees and suppliers across different geographic areas. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. Based on this review and the future business prospects of the company, despite the current economic conditions, the directors believe the company will be able to meet its liabilities as they fall due. The company is financed through long term intercompany debt (see note 14 for further details), and the directors have also received written guarantees from the ultimate parent company securing the company's obligation owing to Cash Converters International Limited.

CASH CONVERTERS (UK) LIMITED

STRATEGIC REPORT (Continued)

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Financial risk management objectives and policies

The company's activities expose it to a credit risk attributable to its personal loans receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Approved by Board of Directors and signed on behalf of the board;

A handwritten signature in black ink, appearing to read 'D. Patrick', written over a horizontal line.

David Patrick
Director

17 December 2014

CASH CONVERTERS (UK) LIMITED

DIRECTORS' REPORT

The directors present their report for year ended 30 June 2014.

Employees

The company has a policy of employing disabled persons and continuing to employ staff who become disabled. The directors attempt to keep all employees fully informed of company developments, including the financial and economic factors affecting the performance of the company. The directors regularly consult employees or their representatives so that views of employees can be taken into account in making decisions that are likely to affect their interests.

Directors

The directors during the year were as follows:

Peter Cumins	Australia
Reginald Paul Webb	Australia
John Yeudall (Resigned 20 th November 2013)	Australia
David Stephen Patrick	

Directors' responsibilities

The directors are responsible for preparing the annual 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 elected to prepare 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 judgments 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; and
- 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.

Results and dividends

The results for the year are shown on page 9. No dividend is payable for the year ended 30 June 2014 (2013: £nil).

CASH CONVERTERS (UK) LIMITED

DIRECTORS' REPORT (Continued)

Provision of Information to Auditor

Each of the persons, who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

A resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

By Order of the board

A handwritten signature in black ink, appearing to be 'DP' followed by a long horizontal stroke.

David Patrick
Director
17 December 2014

CASH CONVERTERS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASH CONVERTERS (UK) LIMITED

We have audited the financial statements of Cash Converters (UK) Limited for the year ended 30 June 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

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

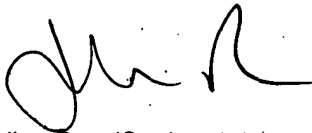
CASH CONVERTERS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASH CONVERTERS (UK) LIMITED (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Julian Rae (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, United Kingdom

19 December 2014

CASH CONVERTERS (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

		2014			2013		
	Note	Excluding Special Items £'000	Special Items £'000	Total £'000	Excluding Special Items £'000	Special Items £'000	Total £'000
Turnover	2	55,273	-	55,273	57,742	-	57,742
Cost of sales		(32,963)	-	(32,963)	(36,070)	-	(36,070)
Gross profit		22,310	-	22,310	21,672	-	21,672
Administrative expenses	4	(24,900)	(668)	(25,568)	(22,245)	(943)	(23,188)
Other provisions	4	-	(848)	(848)	-	(410)	(410)
Operating (Loss)		(2,590)	(1,516)	(4,106)	(573)	(1,353)	(1,926)
Interest payable and similar charges	7	(563)	-	(563)	(469)	-	(469)
(Loss) on activities before taxation	3	(3,153)	(1,516)	(4,669)	(1,042)	(1,353)	(2,395)
Tax credit on (Loss) on ordinary activities	8	417	256	673	154	201	355
(Loss) for the financial year		(2,736)	(1,260)	(3,996)	(888)	(1,152)	(2,040)

There are no other recognised gains and losses other than those reflected above and accordingly no Statement of Total Recognised Gains and Losses has been prepared.

The results of both the current year and previous year arise from continuing operations.

The notes 1 to 23 form part of the financial statements.

CASH CONVERTERS (UK) LIMITED

BALANCE SHEET AT 30 JUNE 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	9	5,796	6,322
Tangible assets	10	4,358	5,797
		<u>10,154</u>	<u>12,119</u>
Current assets			
Stock	11	5,373	5,953
Debtors	12	19,125	18,741
Cash at bank and in hand		2,358	1,168
		<u>26,856</u>	<u>25,862</u>
Creditors: amounts falling due within one year	13	<u>(4,944)</u>	<u>(4,657)</u>
Net current assets		<u>21,912</u>	<u>21,205</u>
Total assets less current liabilities		<u>32,066</u>	<u>33,324</u>
Creditors: amounts falling due after one year	14	<u>(17,432)</u>	<u>(32,018)</u>
Provision for liability	22	<u>(1,616)</u>	<u>(767)</u>
Net assets		<u>13,018</u>	<u>539</u>
Capital and reserves			
Called up share capital	15	789	789
Capital Contribution	23	16,475	-
Profit and loss account	16	<u>(4,246)</u>	<u>(250)</u>
Shareholders' funds	17	<u>13,018</u>	<u>539</u>

Registered Number: 03096334

The financial statements of Cash Converters (UK) Limited were approved by the board of directors and authorised for issue on 17 December 2014 and were signed on its behalf by:



David Patrick
Director

The notes 1 to 23 form part of these financial statements.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the current and preceding years in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting convention.

Fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any impairment.

Plant and equipment	25% straight line
Computer equipment	25% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line
Leasehold improvements	12.5% straight line

Intangible assets – goodwill

Goodwill arises on the acquisition of new stores, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, and capitalised and written off on a straight line basis over its economic life which is 20 years. Provision is made for any impairment.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Related parties

As more than 90% of the company's share capital is held by its ultimate parent company, whose consolidated financial statements are publicly available, advantage has been taken of paragraph 3 of FRS 8, "Related Party Disclosures", not to disclose transactions with group companies.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

1 ACCOUNTING POLICIES (Continued)

Cash flow statement

Advantage has been taken of paragraph 5 of FRS1 (Revised), "Cash flow statements", not to prepare a cash flow statement as the ultimate parent company prepares consolidated financial statements which are publicly available and which include the cash flows of the company.

Taxation

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 by the balance sheet date.

Stock

Stocks are stated at the lower of cost and net realisable value. Cost represents the purchase price of wholesale and pre-owned goods on hand. Provision is made for obsolete, slow moving or defective items where appropriate.

Trade Debtors

Trade debtors are amounts due from customers for short term loans issued on the ordinary course of business. They are presented in the balance sheet net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reasonably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefit required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

2 TURNOVER

The company's turnover is derived from the company's principal activities within the UK market and represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

	2014 £000's	2013 £000's
Turnover from franchise activity	2,814	2,825
Turnover from retail operations	31,628	33,378
Turnover from financial services	20,763	21,476
Turnover from other sources	68	63
	<u>55,273</u>	<u>57,742</u>

Income is recognised as follows:

- (i) Initial franchise fees – fees in respect of the initial sale of a franchise and renewal of a franchise licence are recognised when invoiced. Invoicing occurs firstly when franchise agreements are signed (the deposit portion) and secondly when premises arrangements for stores are finalised and contractual commitments are confirmed (the remaining portion) and are legally enforceable.
- (ii) Continuing franchise fees, levies and other revenue – fees and levies in respect of continuing services to franchisees are recognised when they become due and payable as services are provided. Other revenue for sales of consumables and provision of other goods and services are recognised when goods and services are provided.
- (iii) Personal loan interest – interest revenue in relation to personal loans is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset net carrying amount.
- (iv) Loan establishment fee revenue – establishment fees are deferred and recognised over the life of the loans at the effective interest rate applicable so as to recognise revenue at a constant rate to the underlying principal over the expected life of the loan.
- (v) Default fees – fees charged on declined payments are recognised on the date of the decline.

Income from corporate stores is recognised when goods and services are provided to customers and are legally enforceable.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £'000	2013 £'000
Profit on ordinary activities is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	51	30
Tax services	27	40
Depreciation of fixed assets		
Owned assets	1,429	1,388
Amortisation of goodwill	590	635
Operating lease rentals in respect of land and buildings	1,687	1,614
Royalty payments to Ultimate Parent Company	-	943

4 SPECIAL ITEMS

Special items represent items that do not form part of the everyday trading of the company. The directors consider by showing these items separately it will give users of these financial statements a better understanding of the performance during the year.

These items are restructuring costs £668k (2013: £0k), Royalty paid to parent company of £0k (2013: £943k) and increase in provision for exit bonus payable to Ausgroup Limited of £848k (2013: £410k). Further details of this provision can be found in note 22.

5 DIRECTORS' REMUNERATION

The remuneration of the directors who served during the year was as follows, all of which relates to the highest paid director:

	2014 £'000	2013 £'000
Emoluments	144	182
Company contributions to money purchase scheme	34	34
	178	216

No other directors were paid by the company for services provided in either year.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

6 EMPLOYEE INFORMATION

The average number of persons employed by the company (including directors) during the year was as follows:

	2014 Number	2013 Number
Selling	457	392
Administration	132	140
	589	532

Staff costs (including directors' remuneration):

	2014 £'000	2013 £'000
Wages and salaries	10,397	9,777
Social security costs	808	774
Other pension costs	247	198
	11,452	10,749

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest payable and similar charges on:		
Bank facilities	-	12
Intercompany loan	563	457
	563	469

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

8 TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
UK corporation tax charge on loss on the ordinary activities at 21% (2013: 24%)	611	355
Reversal of Prior Year Deferred Tax	62	-
	<u>673</u>	<u>355</u>

The differences are explained below:

	2014 £'000	2013 £'000
(Loss) on ordinary activities before tax	<u>(4,669)</u>	<u>(2,395)</u>
Tax at 21% (2013: 24%) thereon	981	575
Expenses not deductible for tax purposes	(270)	(99)
Capital allowance in excess of depreciation Effect of rate change	(100)	(121)
	<u>611</u>	<u>355</u>

Corporation tax rate changed by a further 1% from 1 April 2014 and stands at 21%, from 1 April 2015 the small profits rate will be unified with the main rate, so there will be only one Corporation Tax rate for non-ring fence profits - set at 20%.

Due to losses in the period the tax on losses is a deferred tax asset, see note 21.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

9 INTANGIBLE FIXED ASSETS - GOODWILL

	£'000
Cost	
At 1 July 2013	7,789
Additions	81
Disposals	(20)
At 30 June 2014	7,850
Amortisation	
At 1 July 2013	1,467
Charge for the period	590
Charge on Disposals	(3)
At 30 June 2014	2,054
Net book value	
At 30 June 2014	5,796
At 30 June 2013	6,322

10 TANGIBLE FIXED ASSETS

	Plant and equipment at cost £'000	Computer equipment at cost £'000	Furniture and fittings at cost £'000	Motor vehicles at cost £'000	Leasehold improvements at cost £'000	Total £'000
Cost						
At 1 July 2013	244	2,827	5,082	59	1,600	9,812
Additions	5	91	47	-	89	232
Disposals	(2)	(38)	(236)		(136)	(412)
At 30 June 2014	247	2,880	4,893	59	1,553	9,632
Depreciation						
At 1 July 2013	166	1,457	1,866	51	476	4,016
Charge for the period	45	579	609	4	192	1,429
Charge on Disposals	(2)	(29)	(95)		(45)	(171)
At 30 June 2014	209	2,007	2,380	55	623	5,274
Net book Value						
At 30 June 2014	38	873	2,513	4	930	4,358
At 30 June 2013	78	1,370	3,216	8	1,124	5,796

There are some small differences to the opening figures for 2013 compared to the 2013 Financial Statements this is due to recategorising some assets.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

11 STOCK

	2014 £'000	2013 £'000
Finished goods and goods for resale	5,373	5,953

There is no material difference between the balance sheet value of stocks and their replacement cost.

12 DEBTORS

	2014 £'000	2013 £'000
Trade debtors	807	725
Personal loans receivable	11,566	10,536
Other debtors	4,630	5,252
Deferred tax asset (note 21)	549	592
Prepayments and accrued income	1,573	1,636
	19,125	18,741

13 CREDITORS: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	1,218	784
Other creditors and accruals	3,406	3,318
Other taxes and social security	320	493
Deferred tax (note 21)	-	62
	4,944	4,657

14 CREDITORS: amounts falling due after more than one year

	2014 £'000	2013 £'000
Amounts owed to fellow group undertakings	17,432	32,018
	17,432	32,018

The amounts owed to fellow group undertakings relate wholly to CCIL who have confirmed repayment will not be required within the next year. Repayment is expected in the next 2-3 years.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

15 CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised, allotted, called up and fully paid		
788,190 ordinary shares of £1 each	788	788
1,000 ordinary shares of A\$1 each	1	1
	789	789

All shares rank pari passu.

16 RESERVES

	Profit and loss £'000
At 1 July 2013	(250)
Loss for the year	(3,996)
At 30 June 2014	(4,246)

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Opening shareholders' funds	539	2,579
Parent Company Debt Forgiveness (note 23)	16,475	-
(Loss) for the year	(3,996)	(2,040)
	13,018	539

All shareholders' funds are attributable to ordinary shareholders.

18 OPERATING LEASE COMMITMENTS

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

	2014 £'000	2013 £'000
Land and buildings:		
Operating leases which expire –		
within one year	196	192
between two and five years	333	360
over five years	829	976
	1,358	1,528

The annual rentals of operating leases are charged to the profit and loss account as they are incurred.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

19 ULTIMATE PARENT COMPANY

The smallest group in which the results of the company are consolidated is that headed by the immediate parent company, Cash Converters UK Holdings PLC. The consolidated financial statements of this group may be obtained from Companies House or from Cash Converters House, Innovation House, Aston Lane South, Preston Brook, WA7 3FY.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent company, Cash Converters International Limited, a company incorporated in Australia. The consolidated accounts of this group may be obtained from Level 18, Citibank House, 37 St George's Terrace, Perth, WA 6000, Australia.

20 CONTINGENT LIABILITIES

CCUK are currently in discussion with HMRC over a VAT liability arising in relation to input tax recovery on overheads and other shared costs incurred. The company is seeking to agree a partial exemption special method (PESM) with HMRC. Under the standard method the company has calculated a maximum liability of £1,148k. Under the proposed PESM the liability would be £178k. As such a provision of £200k has been included in the accounts at year end, being management's best estimate of the probable amount to be paid on conclusion of discussions with HMRC. No further amount has been included as negotiations are at an early stage and the proposed PESM is not expected to be reviewed by HMRC until 2015. As such the company has assessed the timing and amount of the eventual liability as too uncertain to measure at the balance sheet date

21 DEFERRED TAX

Movement on deferred tax liability in the year

	£'000
At 1 July 2013	62
Movement to the profit and loss account	62
At 30 June 2014	-

Analysis of deferred tax balance

	2014 £'000	2013 £'000
Capital allowances in excess of depreciation	-	62
	-	62

Movement on deferred tax asset in the year

	£'000
At 1 July 2013	592
Receipts from HMRC	(592)
Movement to the balance sheet account (note 8)	611
Deferred Tax Liability Adjustment	(62)
At 30 June 2014	549

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

22 PROVISION FOR LIABILITIES

	£'000
At 1 July 2013	767
Charge to profit and loss account	849
At 30 June 2014	1,616

A contract is in place with Ausgroup Limited to develop the personal finance products of Cash Converters (UK) Ltd until 2014. Ausgroup Limited are paid a commission for this development and at the end of this contract an exit bonus will be due to Ausgroup Limited which will be a multiple of this commission amount accrued in the last 6 months of the contract term. In accordance with the exit bonus calculation the 6 months prior to the year end were reviewed and a provision calculated based on these figures. The directors are reasonably certain that based on current and forecast trading an exit bonus will be payable. The provision provided for at the balance sheet date is £1,616k (2013: £767k).

23 CAPITAL CONTRIBUTION

On 30 June 2014 Cash Converters International released Cash Converters (UK) Ltd from £16,475k of debt that was owed to them; this money was used to develop the CCUK brand. This amount represents a capital contribution and has been held as a distributable reserve in equity.