

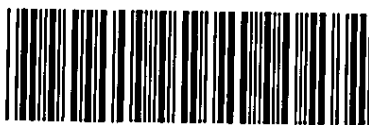
Registered Number: 3096334

**CASH CONVERTERS (UK) LIMITED**

**Report and Financial Statements**

**30 June 2007**

TUESDAY



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29/01/2008

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COMPANIES HOUSE

## **CASH CONVERTERS (UK) LIMITED**

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## **CASH CONVERTERS (UK) LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **Directors**

Peter Cumins  
Reginald Paul Webb  
John Yeudall  
Andrew Moffat  
Mark Lemmon  
Cameron Hetherington (appointed 1<sup>st</sup> July 2007)

#### **Secretary**

Derek Ralph Groom  
James Peter Conway Spratley

#### **Registered office**

Unit 17  
Gentlemens Field  
Westmill Road  
Ware  
Hertfordshire  
SG12 0EF

#### **Bankers**

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

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

#### **Solicitors**

Hilliers  
Common Farm  
Liddington  
Bedford  
MK43 0BG

#### **Auditors**

Deloitte & Touche LLP  
St Albans

## **CASH CONVERTERS (UK) LIMITED**

### **DIRECTORS' REPORT**

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 30 June 2007

#### **Activities**

The principal activities of the company are the provision of franchise services and the retailing of new and secondhand goods together with pawn broking, cheque cashing and a range of financial services

#### **Business review and future prospects**

The full year produced a like for like 52% increase in profit before tax and franchisee fees

During the year the company generated profit on ordinary activities before taxation of £27,000 (2006 £58,000) with a turnover of £5,775,000 (2006 £4,467,000) The performance of the company is further included in the profit and loss and the balance sheet of this financial statements

The key risks facing the entity are changes in the economic climate The directors are of the opinion that the company is adequately resourced to manage any changes in the country's economic conditions

Store numbers now stand at 124 after the opening of another 7 stores Further growth is expected from the high level of Franchise enquiries and the expansion of existing Franchisees UK Franchisees have enjoyed strong business growth on all key income streams and this has given further encouragement for existing Franchises to increase store numbers

The Corporate store division of self owned stores now has 6 stores trading with St Helens being purchased from an existing Franchisee in December and Farnworth opening in early May of this year Current store opening plans and financial targets are being met

The UK auction site continues to grow in income contribution as the product numbers and sales increase Fifty stores have a presence on the site and are enjoying the marketing benefits with nearly a million visitors expected in 2007/8 The Cash Converters brands profile is further enhanced by a continuing television campaign featuring newly produced adverts and a succession of placed PR articles achieved by Golly Slater the PR Company retained during 2006

Additional services such as a prepaid gold debit card and ATMs have been added to the peripheral business opportunities for the UK Franchise network These are expected to further enhance growing income received from these companies without detracting from the core services that the stores offer

Our IT system CCWin continues to expand in to more stores and is now the operating system used in 113 stores This system automatically goes into all new stores and more existing stores are expected to convert to CCWin over the coming year This ascending level of CCWin use is reflected in the corresponding increase in income for Cash Converters UK

In summary excellent progress has been made this year in achieving the UK business plan and moving the profitability of the UK forward Further anticipated store and fee growth plus the acquisition of the Leeds group of stores and financial services income should provide the UK with substantial growth in the coming year

## **CASH CONVERTERS (UK) LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **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 and their interests**

The directors during the period were as follows

Peter Cumins	Australia	
Reginald Paul Webb	Australia	
John Yeudall	Australia	
Andrew Moffat	Australia	
Cameron Hetherington	Australia	(appointed 1 <sup>st</sup> July 2007)
Mark Lemmon		

No directors had any interests during the period in the company's shares

The interests of the directors in the shares of the ultimate parent company, Cash Converters International Limited, are disclosed in the accounts of that company

#### **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 accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

## **CASH CONVERTERS (UK) LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **Results and dividends**

The results for the year are shown on page 7 No dividend is payable for the year ended 30 June 2007 (2006 £nil)

#### **Provision of Information to Auditors**

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 auditors are unaware, and
  - the directors have 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
- This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

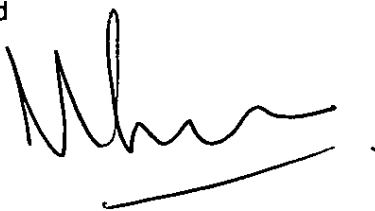
#### **Auditors**

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

By Order of the board

Mark Lemmon  
Director

21 January 2008



## **Independent auditors' 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 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 June 2007 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

St Albans

*25 January 2008*



## **CASH CONVERTERS (UK) LIMITED**

### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2007**

	<b>Note</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Turnover</b>	<b>2</b>	<b>5,775</b>	<b>4,467</b>
<b>Cost of sales</b>		<b>(3,072)</b>	<b>(2,329)</b>
<b>Gross profit</b>		<b>2,703</b>	<b>2,138</b>
<b>Administrative expenses</b>		<b>(2,615)</b>	<b>(2,045)</b>
<b>Operating profit</b>	<b>3</b>	<b>88</b>	<b>93</b>
<b>Interest payable and similar charges</b>	<b>6</b>	<b>(61)</b>	<b>(35)</b>
<b>Profit on ordinary activities before taxation</b>		<b>27</b>	<b>58</b>
<b>Tax on profit on ordinary activities</b>	<b>7</b>	<b>3</b>	<b>(21)</b>
<b>Profit for the financial year</b>		<b>30</b>	<b>37</b>
<b>Retained loss brought forward</b>		<b>(81)</b>	<b>(118)</b>
<b>Loss carried forward</b>		<b>(51)</b>	<b>(81)</b>

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 18 form part of the financial statements

# CASH CONVERTERS (UK) LIMITED

## BALANCE SHEET AT 30 JUNE 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Tangible assets	8	392	317
<b>Current assets</b>			
Stock	9	387	196
Debtors	10	1,446	1,072
Cash at bank and in hand		3	279
		<u>1,836</u>	<u>1,547</u>
<b>Creditors, amounts falling due within one year</b>	11	<u>(1,490)</u>	<u>(1,156)</u>
<b>Net current assets</b>		<u>346</u>	<u>391</u>
<b>Total assets less current liabilities</b>		<u>738</u>	<u>708</u>
<b>Net assets</b>		<u>738</u>	<u>708</u>
<b>Capital and reserves</b>			
Called up share capital	12	789	789
Profit and loss account	13	(51)	(81)
<b>Equity shareholders' funds</b>	14	<u>738</u>	<u>708</u>

The financial statements were approved by the board of directors on 21 January 2008 and were signed on its behalf by

Director



The notes 1 to 18 form part of these financial statements

## **CASH CONVERTERS (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007**

#### **1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently 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**

Depreciation is provided by the company to write off the cost of tangible fixed assets less their estimated residual value over their estimated useful lives as follows

Fixtures and fittings	25% reducing balance
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##### **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

##### **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 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

## **CASH CONVERTERS (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007**

#### **1 ACCOUNTING POLICIES (Continued)**

##### **TAXATION**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on 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.

##### **Revenue**

Income from Franchisees is recognised as follows

- (i) Initial franchise fees – fees in respect of the initial sale of a franchise 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.

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

#### **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.

# CASH CONVERTERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007

### 3 OPERATING PROFIT

	2007 £'000	2006 £'000
Operating profit is stated after charging		
Auditors' remuneration		
Audit services	24	24
Depreciation of fixed assets		
Owned assets	130	99
Leased assets	-	-
Loss on sale of fixed assets	-	2
Operating lease rentals in respect of land and buildings	173	128

### 4 DIRECTORS' EMOLUMENTS

The remuneration of the directors who served during the year was as follows

	2007 £'000	2006 £'000
Fees and salaries	102	82

### 5 EMPLOYEE INFORMATION

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

	2007 Number	2006 Number
Selling	23	11
Administration	23	22
	46	33

Staff costs (including directors' remuneration)

	2007 £'000	2006 £'000
Wages and salaries	1,065	743
Social security costs	108	106
	1,173	849

# CASH CONVERTERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £'000	2006 £'000
Interest payable and similar charges on Bank facilities	61	35
	61	35

### 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
UK corporation tax charge on profit on the ordinary activities at 20%	(4)	(7)
Adjustments in respect of prior years	2	5
	(2)	(2)
Deferred tax		
Timing differences, origination and reversal	(1)	(13)
Increase/Decrease in tax rate	-	-
Adjustment in respect of prior years	6	(6)
	3	(21)

The tax assessed for the year is lower than that resulting from applying the small companies' rate of corporation tax in the UK of 20% (2006 19%)

The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	27	58
Tax at 20% thereon	(5)	(11)
Expenses not deductible for tax purposes	-	-
Adjustment in respect of prior years	2	5
Utilisation of tax losses	-	-
Capital allowance in excess of depreciation	1	4
Marginal Relief	-	-
	(2)	(2)

## **CASH CONVERTERS (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007**

#### **8 TANGIBLE FIXED ASSETS**

	Fixtures and fittings £'000
<b>Cost</b>	
At 1 July 2006	658
Additions	205
Disposals	-
At 30 June 2007	863
<b>Depreciation</b>	
At 1 July 2006	341
Charge for the period	130
Disposals	-
At 30 June 2007	471
<b>Net book value</b>	
At 30 June 2007	392
At 30 June 2006	317

# **CASH CONVERTERS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007**

### **9 STOCK**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Goods for resale	387	196

### **10 DEBTORS**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due within one year		
Trade debtors	821	584
Other debtors	476	368
Prepayments and accrued income	149	120
	<b>1,446</b>	<b>1,072</b>

### **11 CREDITORS: amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	225	247
Other creditors and accruals	520	451
Amounts owed to fellow group undertakings	644	378
Other taxes and social security	93	67
Deferred tax liability (note 18)	8	13
	<b>1,490</b>	<b>1,156</b>



# CASH CONVERTERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007

### 12 CALLED UP SHARE CAPITAL

	2007 £'000	2006 £'000
<b>Authorised, allotted, called up and fully paid</b>		
Equity shares 788,190 ordinary shares of £1 each	788	788
Equity shares 1,000 ordinary shares of A\$1 each	1	1
Non-equity shares 100 deferred shares of £1 each	-	-
	<b>789</b>	<b>789</b>

All shares rank pari passu

### 13 RESERVES

	Profit and loss £'000
At 1 July 2006	(81)
Profit for the year	22
At 30 June 2007	<b>(59)</b>

### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Profit for the year	30	37
Opening shareholders' funds	708	671
Closing shareholders' funds	<b>738</b>	<b>708</b>

All shareholders' funds are attributable to equity shareholders

## CASH CONVERTERS (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007

#### 15 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2007 £'000	2006 £'000
Land and buildings		
Operating leases which expire –		
within one year	36	30
between two and five years	62	98
over five years	248	112
	<hr/> 346	<hr/> 240

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

#### 16 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 accounts of this group may be obtained from Companies House or from Cash Converters House, Westmill Road, Ware, Herts, SG12 0EF.

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, Chancery House, 37 St George's Terrace, Perth, WA 6000, Australia.

#### 17 CONTINGENT LIABILITIES

The company has guaranteed rental and lease payments in the event of default by a number of franchisees. Payments made in the year in respect of such guarantees amounted to £nil (2006 - £nil). The maximum amount payable by the company in the event of default is £674,000 (2006 - £559,000).

The company has provided a performance guarantee to its affiliate company Cash Converters USA Inc. in respect of the obligations of that company under Franchise Agreements and other related agreements in the State of Virginia, USA.

The company is a party to claims and counter-claims arising from its business activities. Claims are being defended and liability has not been admitted. The directors believe that no material costs will arise from claims outstanding at the balance sheet date.

# **CASH CONVERTERS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2007**

### **18 DEFERRED TAX**

#### **Movement on deferred tax in the year**

	<b>£'000</b>
At 1 July 2006	13
Credit to the profit and loss account	(5)
<b>At 30 June 2007</b>	<b>8</b>

#### **Analysis of deferred tax balance**

	<b>2007 £'000</b>	<b>2006 £'000</b>
Capital allowances in excess of depreciation	8	13
Short term timing differences	-	-
Losses	-	-
	<b>8</b>	<b>13</b>