

Financial Statements

Moneybarn No. 1 Limited

For the year ended 31 December 2013

Registered number: 4496573

Company Information

| | |
|----------------------------|--|
| Registered number | 4496573 |
| Registered office | Wenham Manor Barn Petersfield Road Rogate West Sussex GU31 5AY |
| Directors | J R Crosby E J A fforde O D Harris D A Hoare S D K Law P Minter |
| Company secretary | S D K Law |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Dorset Street Southampton Hampshire SO15 2DP |

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Directors' Report

For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Results and dividends

The profit for the year, after taxation, amounted to £1,840,091 (2012 - loss £73,105).

Directors

The directors who served during the year were:

J R Crosby
E J A fforde
O D Harris
D A Hoare
S D K Law
P Minter

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 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;
- 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.

Directors' Report

For the year ended 31 December 2013

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report which also includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit and liquidity risk.

The company has considerable financial resources and the forecasts and projections to 31 December 2016 which take into account reasonably possible changes in trading performance show that the company will be able to operate within its current facilities. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9 May 2014 and signed on its behalf.



P Minter
Director

Strategic Report

For the year ended 31 December 2013

Principal activities

The principal activity of the company during the year is the financing and hiring of motor vehicles to individuals and companies.

Business review

During the year the company wrote 9,213 new contracts (2012: 6,581) and increased the portfolio of loan contracts from 11,000 to 17,069. This growth was achieved through:

- the continued development of our intermediary relationships;
- enhanced computer systems leading to more streamlined quoting and new business processes; and
- the continued ready availability of funding to the group.

The company has continued to invest in upgrading its computer systems both to win new business and to improve operational efficiency. This has involved some considerable research and development in order to develop a system tailored to our needs and capable of managing materially greater volumes.

The company has seen further growth and a move to profitability during 2013. Of particular note during 2013:

- Improved processes and strengthened management have resulted in tighter control over impaired debtors
- The current underwriting model developed in 2010 continues to perform consistently and select risk well
- Default rates continue to run at historical low rates
- Customer early settlements are an increasing feature of the business

The 2013 accounts have for the first time been presented on a basis most suited to the nature of the finance contracts which now dominate the portfolio. This means that for the substantial majority of contracts, revenue shown is interest earned rather than capital and interest received, with a consequential adjustment to cost of sales. The 2012 comparative figures have been restated on this basis. There is no effect on the profit and loss account below gross profit.

Principal risks and uncertainties

The main risk faced by the business is the possibility that customers will fail to honour their contracts and the market value of the underlying vehicle will be insufficient security to cover the customer's outstanding liabilities. To mitigate this risk, the group has developed strong underwriting, loan to value and credit control policies, as well as efficient disposal processes.

The group is financed primarily by third party loans, but is not considered to be exposed to material finance risk as the loans are each at fixed rates.

Financial key performance indicators

Key performance indicators for the company include the value of new business written and the value of business lost through premature termination of contracts, whether instigated by the customer or by the group for non-compliance by a customer with his contractual obligations. The collection of amounts due from debtors is also a key performance indicator, and a core competence of the business. The directors closely monitor all key performance indicators and where relevant factor these into the determination of bad and doubtful debt provisioning levels.

Strategic Report (continued)

Financial risk management objectives and policies

The company has various financial instruments, such as loans and cash, and various assets and liabilities of a contractually defined monetary amount, such as debtors and creditors arising from its operations that expose the company to financial risks. These risks, together with the management policies used to manage them, are described below.

Interest rate risk

The company's funding is mainly provided by a mixture of retained earnings and bank borrowings and other borrowings. The risk that the cost of funding customer contracts could differ during their term from the cost of funding assumed in pricing the contracts is minimised by the company having negotiated fixed interest rates over the terms of its loans

Price risk

The company only enters into contracts with customers on the basis of pre-agreed purchase prices for the vehicles that will be the subject of the contracts so the company has no exposure in that regard. The expected residual value of the vehicle at the termination of the contract, which can be a significant element in pricing the customer contract, is assessed conservatively against independent forecasts, although there can be significant short term volatility in used vehicle pricing. The risks of contracts being terminated early, which could result in insufficient income being earned to cover fixed overheads, is also taken into account in contract pricing based on past experience

Credit risk

The company operates a number of policies and procedures designed to mitigate credit risk, although the acceptance of moderate credit risk is central to the company's business. In particular, before entering into a transaction with a customer a rigorous set of customer identification and credit checks is performed to determine whether or not the customer has the ability to meet its debts as they fall due. In the event of customer default, the company's credit control policies ensure swift action is taken and, where appropriate, will seek security in the form of charging orders over a customer's property.

Liquidity and cash flow risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Regular cash flow forecasts are undertaken to monitor the cash position and to determine the liquidity of the company. The directors then ensure that there are sufficient liquid funds available to ensure that there is no risk of the company being unable to pay its debts as they fall due.

Matters of strategic importance

Change of industry regulator

In April 2014, the FCA take over the role of regulator from the OFT. The FCA has introduced a new Interim Permission that will replace the OFT CCA Licence from 1st April 2014. All Moneybarn trading companies have obtained Interim Permission and the FCA has set a date for Moneybarn's application for full approval in December 2015. The Duncton Group, incorporating the Moneybarn business, is well positioned for full compliance with the FCA regime.

New business premises

At the end of April 2014 the company will be moving to bigger premises in Petersfield. Considerable benefits are expected to flow from this including improved efficiency and more reliable systems. The financial statements as at 31 December 2013 reflect an onerous lease provision as a result of the move from our existing premises.

Strategic Report (continued)

This report was approved by the board on 9 May 2014 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'P Minter', written in a cursive style.

P Minter
Director

Independent Auditor's Report to the Members of Moneybarn No. 1 Limited

We have audited the financial statements of Moneybarn No. 1 Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet and the related notes. 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

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 31 December 2013 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.

Independent Auditor's Report to the Members of Moneybarn No. 1 Limited

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.

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.



Norman Armstrong (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Southampton

13 May 2014

Profit and Loss Account

For the year ended 31 December 2013

| | Note | 2013 £ | Restated 2012 £ |
|--|------|-------------------------|-----------------------|
| Turnover | 1,2 | 29,451,423 | 19,419,747 |
| Cost of sales | | <u>(15,056,125)</u> | <u>(11,376,198)</u> |
| Gross profit | | 14,395,298 | 8,043,549 |
| Administrative expenses | | <u>(401,815)</u> | <u>(348,233)</u> |
| Operating profit | 3 | 13,993,483 | 7,695,316 |
| Interest receivable and similar income | | 5,478 | 762 |
| Interest payable and similar charges | 5 | <u>(11,516,893)</u> | <u>(7,538,956)</u> |
| Profit on ordinary activities before taxation | | 2,482,068 | 157,122 |
| Tax on profit on ordinary activities | 6 | <u>(641,977)</u> | <u>(230,227)</u> |
| Profit/(loss) for the financial year | 16 | <u>1,840,091</u> | <u>(73,105)</u> |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 10 to 18 form part of these financial statements.

Balance Sheet

As at 31 December 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|--|------|---------------------|---------------------|---------------------|---------------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 646,983 | | 3,742,180 |
| Current assets | | | | | |
| Stocks | 8 | 88,547 | | 60,112 | |
| Debtors: amounts falling due after more than one year | 9 | 77,840,528 | | 49,746,593 | |
| Debtors: amounts falling due within one year | 9 | 59,182,109 | | 41,441,512 | |
| Cash at bank | | 5,373,545 | | 3,330,631 | |
| | | <u>142,484,729</u> | | <u>94,578,848</u> | |
| Creditors: amounts falling due within one year | 10 | <u>(62,208,115)</u> | | <u>(42,870,805)</u> | |
| Net current assets | | | <u>80,276,614</u> | | <u>51,708,043</u> |
| Total assets less current liabilities | | | <u>80,923,597</u> | | <u>55,450,223</u> |
| Creditors: amounts falling due after more than one year | 11 | | <u>(80,273,744)</u> | | <u>(56,710,521)</u> |
| Provisions for liabilities | | | | | |
| Deferred tax | 14 | | <u>(70,060)</u> | | <u>-</u> |
| Net assets/(liabilities) | | | <u>579,793</u> | | <u>(1,260,298)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 2 | | 2 |
| Profit and loss account | 16 | | <u>579,791</u> | | <u>(1,260,300)</u> |
| Shareholders' funds/(deficit) | 17 | | <u>579,793</u> | | <u>(1,260,298)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 May 2014.



P Minter
Director

The notes on pages 10 to 18 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Hire purchase agreements to customers (contract purchase)

For contracts written up to 31 December 2009, where there had been a significant administration cost in setting up a contract and performing the necessary credit, guarantor and identification checks, the company recognised as income a portion of the initial deposit placed by the customer at the inception of a contract followed by monthly rentals recognised on a straight line basis.

For contracts written since 1 January 2010, in line with changed customer covenants and new systems for establishing credit ratings, hire purchase rentals are apportioned between repayments of capital and interest so that revenue is recognised over the lease term to provide a constant periodic rate of return on the net investment in the hire purchase agreements.

Operating lease - to customers (contract hire)

Rental income under contract hire is recognised on a straight line basis over the period of the contract.

Excess mileage

At the end of each year the directors review the accumulated excess mileage incurred on the fleet and include an element of the estimated accrued contractual receivable as a debtor.

Interest and penalties

Interest and penalties charged to customers arising on settlement or default are recognised when receipt of payment is considered certain.

Turnover is recognised exclusive of VAT.

1.4 Turnover, cost of sales and administration expenses

The proportion of contracts originated since 1 January 2010 are now significantly greater than those originated prior to 31 December 2009 and therefore the directors consider it is now more appropriate to recognise only the interest received as turnover in the year compared to the recognition of total repayments as revenue and the capital element of those repayments as cost of sales. In addition, the company has re-categorised certain costs from administrative expenses to cost of sales as the directors considered these costs are more attributable to the costs of leasing rather than overheads of the business.

The comparative figures have been similarly revised. This has had no effect on the operating result for either the current year or the prior year.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

1.5 Debtors

Debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debts. Provisions are made specifically against debts where there is evidence of dispute or an inability to pay.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|----------------------------|---|---------------------------------------|
| Contract purchase vehicles | - | over the term of the contract on cost |
| Computer equipment | - | 33% straight line |
| Contract hire vehicles | - | over the term of the contract on cost |

The term of contract purchase and contract hire contracts can vary depending on the period requested by each customer.

Fixed assets include all vehicles which are the subject of contract hire agreements, vehicles which are the subject of contract purchase agreements signed prior to 31 December 2009 and vehicles held for sale or re-contracting.

Contract purchase vehicles also includes incidental costs of ensuring that vehicles are available for rental to customers, including preparation costs and external commissions payable.

To 31 December 2009 the company's experience had been a high incidence of early terminations and customers infrequently completed all the payments due under their agreements and therefore the company bore the risks and rewards of ownership for vehicles under these agreements. To enable the accounts to give a true and fair view, vehicles under contract purchase agreements written up to 31 December 2009 are included in fixed assets to reflect the commercial reality of the agreements entered into. From 1 January 2010, in line with changed customer covenants and new systems for establishing credit ratings, the directors consider the risks and rewards of ownership are now substantially borne by the customer and therefore account for vehicles under contract purchase agreements written since 1 January 2010 by including the net cash investment in debtors, in accordance with SSAP 21.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1.7 Stocks

Stocks comprise vehicles for re-sale at auction and are valued at the market trade value.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

| | 2013 | 2012 |
|--|----------------|------------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 880,438 | 2,523,640 |
| | <u>880,438</u> | <u>2,523,640</u> |

During the year, no director received any emoluments (2012 - £NIL).

Auditors remuneration and operating lease payments are borne by Moneybarn plc and are recharged to the company by way of a management charge.

4. Particulars of employees

The company has no employees other than the directors, the cost of which is borne by Moneybarn plc and recharged by way of a management charge.

Notes to the Financial Statements

For the year ended 31 December 2013

5. Interest payable

| | 2013 | 2012 |
|------------------------------|-------------------|------------------|
| | £ | £ |
| On bank loans and overdrafts | <u>11,516,893</u> | <u>7,538,956</u> |

6. Taxation

| | 2013 | 2012 |
|--|----------------|----------------|
| | £ | £ |
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 443,715 | 152 |
| Adjustments in respect of prior periods | (152) | - |
| Total current tax | <u>443,563</u> | <u>152</u> |
| Deferred tax (see note 14) | | |
| Origination and reversal of timing differences | 198,414 | 230,075 |
| Tax on profit on ordinary activities | <u>641,977</u> | <u>230,227</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 20.00%). The differences are explained below:

| | 2013 | 2012 |
|--|------------------|----------------|
| | £ | £ |
| Profit on ordinary activities before tax | <u>2,482,068</u> | <u>157,122</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 20.00%) | 577,081 | 31,424 |
| Effects of: | | |
| Depreciation for period in excess of capital allowances | 17,653 | 34,485 |
| Utilisation of tax losses | (248,123) | (192,884) |
| Adjustments to tax charge in respect of prior periods | (152) | - |
| Timing difference on contract purchase income | 97,104 | 127,127 |
| Current tax charge for the year (see note above) | <u>443,563</u> | <u>152</u> |

Notes to the Financial Statements

For the year ended 31 December 2013

6. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

7. Tangible fixed assets

| | Contract purchase vehicles £ | Computer equipment £ | Contract hire vehicles £ | Total £ |
|-----------------------|---------------------------------------|----------------------------|--------------------------------|------------------|
| Cost | | | | |
| At 1 January 2013 | 8,860,155 | - | 2,515,394 | 11,375,549 |
| Additions | - | 30,000 | 78,701 | 108,701 |
| Disposals | (7,016,946) | - | (1,465,316) | (8,482,262) |
| At 31 December 2013 | <u>1,843,209</u> | <u>30,000</u> | <u>1,128,779</u> | <u>3,001,988</u> |
| Depreciation | | | | |
| At 1 January 2013 | 6,326,960 | - | 1,306,409 | 7,633,369 |
| Charge for the year | 574,750 | - | 305,688 | 880,438 |
| On disposals | (5,223,140) | - | (935,662) | (6,158,802) |
| At 31 December 2013 | <u>1,678,570</u> | <u>-</u> | <u>676,435</u> | <u>2,355,005</u> |
| Net book value | | | | |
| At 31 December 2013 | <u>164,639</u> | <u>30,000</u> | <u>452,344</u> | <u>646,983</u> |
| At 31 December 2012 | <u>2,533,195</u> | <u>-</u> | <u>1,208,985</u> | <u>3,742,180</u> |

The cost of tangible fixed assets includes an amount of £1,128,779 (2012: £2,515,394) for assets held in respect of operating leases and short hire income. The depreciation on these assets for the year was £305,688 (2012: £535,956).

8. Stocks

| | 2013 £ | 2012 £ |
|------------------|---------------|---------------|
| Goods for resale | <u>88,547</u> | <u>60,112</u> |

The difference between purchase price of stocks and their replacement cost is not material.

Notes to the Financial Statements

For the year ended 31 December 2013

9. Debtors

| | 2013 | 2012 |
|--|-------------------|-------------------|
| | £ | £ |
| Due after more than one year | | |
| Prepayments and accrued income | 2,990,401 | 1,867,843 |
| Amounts recoverable on long term contracts | 74,850,127 | 47,878,750 |
| | <u>77,840,528</u> | <u>49,746,593</u> |
| | 2013 | 2012 |
| | £ | £ |
| Due within one year | | |
| Trade debtors | 12,180,341 | 11,280,208 |
| Amounts owed by group undertakings | 1,067,221 | 1,034,011 |
| Other debtors | 57,039 | 78,810 |
| Prepayments and accrued income | 4,449,654 | 2,653,693 |
| Amounts recoverable on long term contracts | 41,427,854 | 26,266,436 |
| Deferred tax asset (see note 14) | - | 128,354 |
| | <u>59,182,109</u> | <u>41,441,512</u> |

10. Creditors:

Amounts falling due within one year

| | 2013 | 2012 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Loans | 56,112,259 | 37,128,234 |
| Payments received on account | - | 415,964 |
| Trade creditors | 123,405 | 22,204 |
| Amounts owed to group undertakings | 4,098,431 | 4,020,549 |
| Corporation tax | 443,715 | 152 |
| Other taxation and social security | 21,022 | 154,429 |
| Accruals and deferred income | 1,409,283 | 1,129,273 |
| | <u>62,208,115</u> | <u>42,870,805</u> |

Notes to the Financial Statements

For the year ended 31 December 2013

11. Creditors: Amounts falling due after more than one year

| | 2013 | 2012 |
|-------|-------------------|-------------------|
| | £ | £ |
| Loans | <u>80,273,744</u> | <u>56,710,521</u> |

Included within the above are amounts falling due as follows:

| | 2013 | 2012 |
|-----------------------------------|-------------------|-------------------|
| | £ | £ |
| Between two and five years | | |
| Loans | <u>80,273,744</u> | <u>56,710,521</u> |

The loan is secured by a fixed and floating charges over the assets of Moneybarn Group Limited and its subsidiary undertakings.

Of the facilities in place prior to the refinancing in 2010, £3,426,147 (2012: £5,000,000) remains outstanding. This is secured on those debtors that existed prior to the new facilities.

The loans will be repaid in a specified order. The directors have calculated an estimate of the timing of those repayments based upon the cashflow forecasts and this has determined the ageing analysis of the borrowings as at 31 December 2013 and 31 December 2012.

12. Contingent liabilities

At 31 December 2013 and 31 December 2012, Moneybarn Group Limited, Moneybarn No.1 Limited, Moneybarn Vehicle Finance Limited and Moneybarn plc were party to an all sums debenture cross guarantee for all liabilities arising under the new finance agreements.

Notes to the Financial Statements

For the year ended 31 December 2013

13. Related party transactions

The company is a wholly owned subsidiary of Moneybarn Group Limited, and the consolidated accounts of its ultimate parent undertaking Duncton Group Limited are publicly available. Accordingly, the company has taken advantage of the exemption in FRS8 from disclosing transactions with members or investees of the Moneybarn Group Limited group.

During the year the company made sales of £1,930 (2012: £Nil) and purchases of £724 (2012: £7,180) to/from Dunsfold Securities Limited, a company of which O D Harris was the sole director. No balance were outstanding at the balance sheet date.

14. Deferred taxation

| | 2013 £ | 2012 £ |
|---|-----------------|----------------|
| At beginning of year | 128,354 | 128,354 |
| Released during/(charged for) year (P&I.) | (198,414) | - |
| At end of year | <u>(70,060)</u> | <u>128,354</u> |

The deferred taxation balance is made up as follows:

| | 2013 £ | 2012 £ |
|---|-----------------|----------------|
| Excess of depreciation over taxation allowances | 96,120 | 80,972 |
| Tax losses carried forward | - | 213,562 |
| Other timing differences | (166,180) | (166,180) |
| | <u>(70,060)</u> | <u>128,354</u> |

15. Share capital

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

Notes to the Financial Statements

For the year ended 31 December 2013

16. Reserves

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 January 2013 | (1,260,300) |
| Profit for the year | 1,840,091 |
| | <hr/> |
| At 31 December 2013 | 579,791 |
| | <hr/> <hr/> |

17. Reconciliation of movement in shareholders' funds

| | 2013 £ | 2012 £ |
|---------------------------------------|-------------|-------------|
| Opening shareholders' deficit | (1,260,298) | (1,187,193) |
| Profit/(loss) for the financial year | 1,840,091 | (73,105) |
| | <hr/> | <hr/> |
| Closing shareholders' funds/(deficit) | 579,793 | (1,260,298) |
| | <hr/> <hr/> | <hr/> <hr/> |

18. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2013 or 31 December 2012.

19. Pension commitments

The company has not operated, or contributed to any pension scheme on behalf of its employees.

20. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Moneybarn Group Limited and the ultimate parent undertaking is Duncton Group Limited. There is no controlling related party of Duncton Group Limited.

Detailed Trading and Profit and Loss Account

For the year ended 31 December 2013

| | Page | 2013 £ | Restated 2012 £ |
|----------------------------|------|---------------------|-----------------------|
| Turnover | 20 | 29,451,423 | 19,419,747 |
| Cost of sales | 20 | (15,056,125) | (11,376,198) |
| | | <hr/> | <hr/> |
| Gross profit | | 14,395,298 | 8,043,549 |
| Gross profit % | | 48.9 % | 41.4 % |
| Less: Overheads | | | |
| Administration expenses | 20 | (401,815) | (348,233) |
| | | <hr/> | <hr/> |
| Operating profit | | 13,993,483 | 7,695,316 |
| Interest receivable | 20 | 5,478 | 762 |
| Interest payable | 21 | (11,516,893) | (7,538,956) |
| | | <hr/> | <hr/> |
| Profit for the year | | 2,482,068 | 157,122 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Schedule to the Detailed Accounts

For the year ended 31 December 2013

| | 2013 | Restated 2012 |
|--|-------------------|-------------------|
| | £ | £ |
| Turnover | | |
| Turnover | <u>29,451,423</u> | <u>19,419,747</u> |
| | | |
| | 2013 | Restated 2012 |
| | £ | £ |
| Cost of sales | | |
| Direct costs | 213,911 | 245,363 |
| Depreciation and amortisation | 880,438 | 2,523,640 |
| Cost of contract setup | 10,438,934 | 4,818,777 |
| Legal costs | 38,794 | - |
| Bad debt provision | 3,484,048 | 3,788,418 |
| | <u>15,056,125</u> | <u>11,376,198</u> |
| | | |
| | 2013 | Restated 2012 |
| | £ | £ |
| Administration expenses | | |
| Staff training | - | 25 |
| Travel and subsistence | 633 | 2,022 |
| Printing and stationery | - | 27 |
| Sundry expenses | 2,426 | - |
| Advertising and promotion | 850 | 1,496 |
| Donations | 1,500 | (500) |
| Legal and professional | 50,570 | (648) |
| Repairs and maintenance | - | 15 |
| Other professional fees | - | 581 |
| Profit/loss on sale of tangible assets | - | (1,800) |
| Bank charges | 101,679 | 124,629 |
| Irrecoverable VAT | 244,157 | 222,386 |
| | <u>401,815</u> | <u>348,233</u> |
| | | |
| | 2013 | 2012 |
| | £ | £ |
| Interest receivable | | |
| Bank interest receivable | <u>5,478</u> | <u>762</u> |

Schedule to the Detailed Accounts

For the year ended 31 December 2013

| | 2013 | 2012 |
|-------------------------|-------------------|------------------|
| | £ | £ |
| Interest payable | | |
| Loan interest payable | <u>11,516,893</u> | <u>7,538,956</u> |