

COMPANY REGISTRATION NUMBER: 01091883

**CREATION FINANCIAL SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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CREATION FINANCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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CREATION FINANCIAL SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R Doucet
J P Charles
P A R Reffay
S A R Hunt

Company secretary

J S McCulloch

Registered office

Chadwick House
Blenheim Court
Solihull
B91 2AA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
England
B3 2DT

CREATION FINANCIAL SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The Directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a finance company offering a store card service. In addition, the company offers personal credit facilities.

The global financial crisis, which continued through 2011, has presented the Company with unprecedented risks and opportunities. Continuing challenges in the consumer environment and increasing levels of individual insolvencies has had an impact on the results for the year. However, the Company continues to take this opportunity to develop new products and to look into new areas of business to minimise the impacts of the changing consumer environment as credit becomes more difficult for consumers generally. In addition, the Company has developed and will continue to review strategies to minimise the impact of bad debts.

The Company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business and hence this has not been presented.

The results for the year are set out in the profit and loss account on page 7.

PRINCIPAL RISKS AND UNCERTAINTIES

Changes in government policy, legislation or regulatory interpretation applying to companies in the financial services industry may adversely affect the Company's product range, capital requirements and, consequently, reported results and financing requirements.

The directors have considered the Company's policy on payment protection insurance (PPI) following the regulatory review in the UK and considered the amount of potential PPI mis-selling claims to be immaterial to the accounts.

RESULTS AND DIVIDENDS

The loss for the year amounted to £5,019,000 (2010: £9,132,537 profit). A dividend of £27,710,000 was proposed by the directors on 4 May 2012, and has been treated as a non-adjusting event per FRS 21, with no accrual being made (note 10). This dividend was paid on 10 May 2012. No dividends were proposed or paid in 2011 or 2010.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks, but in particular credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring the exposure.

Credit risk

The Company takes on exposure to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when due. Significant changes in the economy, or in the health of a particular retail sector that represents a concentration of the Company's portfolio, could result in losses that are different to those provided at the balance sheet date. Management carefully manages its exposure to credit risk, and this is monitored by the risk department who work closely with the finance department. In addition, the Company continues to implement policies to ensure appropriate credit checks are carried on potential customers. During the year, additional procedures have been implemented which have improved the collection performance of customers in arrears.

CREATION FINANCIAL SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

FINANCIAL RISK MANAGEMENT *(continued)*

Interest rate risk

The Company has loans from group companies which are interest bearing and based on LIBOR. As a result the company is exposed to fluctuations in LIBOR. However part of this is offset against loans issued to other group companies.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the continued support of the ultimate parent company, treasury maintains flexibility in funding by maintaining availability under committed credit lines.

EMPLOYMENT POLICY

During the year the Company has continued to maintain, as far as practicable, close consultation with employees or their representative on matters likely to affect their interests. By means of meetings and staff publications, the Company has endeavoured to keep employees informed about the progress of their Company.

It is the policy of the Company to ensure that the talents and resources of employees are utilised to the full and that no job applicant or employee receives less favourable treatment on the grounds of gender, marital status, social class, colour, race, ethnic origin, creed or disability or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. Close attention is always given to employees' health and safety with particular regard to the requirements of the Health and Safety at Work Legislation.

FUTURE DEVELOPMENTS

The Company will continue to develop new products and develop into different areas of the consumer market.

DIRECTORS

The directors who served the company during the year were as follows

| | |
|--------------|---|
| B D'Halluin | Retired 23 September 2011 |
| J Darrieu | Retired 31 December 2011 |
| M Philippin | Retired 23 September 2011 |
| R Cicala | Appointed 23 September 2011 and retired 4 July 2012 |
| R Doucet | Appointed 23 September 2011 |
| J P Charles | |
| P A R Reffay | |
| S A R Hunt | |

The Company maintains liability insurance for its directors and officers.

CREATION FINANCIAL SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

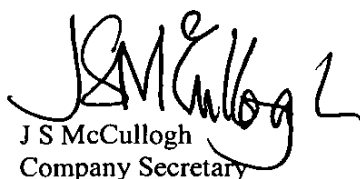
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare 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.

In 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed by order of the directors


J S McCulloch
Company Secretary

Approved by the directors on 22 August 2012

Company Registration Number 01091883

CREATION FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREATION FINANCIAL SERVICES LIMITED

We have audited the financial statements of Creation Financial Services Limited for the year ended 31 December 2011 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).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND INDEPENDENT AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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

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 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. 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 31 December 2011 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

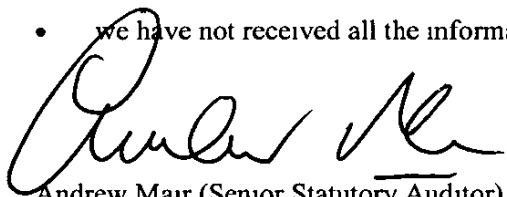
CREATION FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREATION FINANCIAL SERVICES 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



Andrew Mair (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Birmingham

22 August 2012

CREATION FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2011

| | Note | 2011 £000 | 2010 £000 |
|---|-----------|-----------------------|---------------------|
| TURNOVER | 2 | 30,423 | 37,676 |
| Administrative expenses | | <u>(36,418)</u> | <u>(25,313)</u> |
| OPERATING (LOSS)/PROFIT | 3 | (5,995) | 12,363 |
| Interest receivable | 6 | 15,246 | 10,282 |
| Amounts written off investments | 7 | (20) | — |
| Interest payable and similar charges | 8 | <u>(16,152)</u> | <u>(11,081)</u> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (6,921) | 11,564 |
| Tax on (loss)/profit on ordinary activities | 9 | <u>1,902</u> | <u>(2,431)</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | 24 | <u>(5,019)</u> | <u>9,133</u> |

All results derive from continuing operations

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the years stated above and their historical cost equivalents

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains or losses has been presented

The notes on page 7 form part of these financial statements

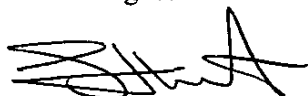
CREATION FINANCIAL SERVICES LIMITED

BALANCE SHEET

31 DECEMBER 2011

| | Note | 2011 £000 | 2010 £000 |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 11 | — | — |
| Tangible assets | 12 | 4,507 | 5,339 |
| Investments | 13 | 81,473 | 65,931 |
| | | <u>85,980</u> | <u>71,270</u> |
| CURRENT ASSETS | | | |
| Stocks | 14 | 8 | 6 |
| Debtors due within one year | 15 | 598,023 | 586,166 |
| Debtors due after one year | 15 | 291,090 | 230,700 |
| Cash at bank | | 9,277 | 14,884 |
| | | <u>898,398</u> | <u>831,756</u> |
| CREDITORS: Amounts falling due within one year | 17 | <u>(567,764)</u> | <u>(552,976)</u> |
| NET CURRENT ASSETS | | <u>330,634</u> | <u>278,780</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>416,614</u> | <u>350,050</u> |
| CREDITORS: Amounts falling due after more than one year | 18 | <u>(304,590)</u> | <u>(233,000)</u> |
| PROVISIONS FOR LIABILITIES | | | |
| Deferred taxation | 16 | — | (7) |
| | | <u>112,024</u> | <u>117,043</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 23 | 59,703 | 59,703 |
| Profit and loss account | 24 | 52,321 | 57,340 |
| SHAREHOLDERS' FUNDS | 25 | <u>112,024</u> | <u>117,043</u> |

These financial statements were approved by the directors and authorised for issue on 22 August 2012, and are signed on their behalf by



S A R Hunt
Director

The notes on page 8 form part of these financial statements

CREATION FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006

The financial statements have been prepared on a going concern basis, and the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

The financial statements contain information about Creation Financial Services Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it and its subsidiary undertakings are included by full consolidation in the consolidated accounts of its immediate parent, LaSer Cofinoga SA, a company incorporated in France

Cash flow statement

The Company is a wholly owned subsidiary of LaSer Cofinoga SA and the cash flows of the Company are included in the consolidated group cash flow statement of LaSer Cofinoga SA

Consequently the Company is exempt under the terms of FRS number 1 (revised 1996) from publishing a cash flow statement

Turnover

Turnover represents interest and service charges applied to cardholder accounts and commissions earned from the merchants based on a percentage of the cardholder spend. Servicing and collection charges are applied to the cardholders' accounts, unless recoverability of the balance is doubtful, and recognised in the period to which they relate. All turnover is derived from operations in the United Kingdom and is recognised on an accruals basis, when the services are supplied

Where the collection of debts is in significant doubt due to changes of customer circumstances, the recognition of interest is suspended and no longer recognised in the profit and loss account

Impairment of assets

Impairment reviews are undertaken if events or changes in circumstances indicate that the carrying value of tangible, intangible fixed assets or investments may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows. Impairment is assessed by comparing the carrying value of the asset to the higher of net present value of future cash flows derived from the underlying assets or their recoverable amount

CREATION FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Intangible fixed assets

Payments to secure contracts are capitalised as intangible assets and amortised over the life of the contract, which do not exceed 20 years

Payments to acquire licences are capitalised as intangible assets and amortised to match the benefits associated with the licence over a period not exceeding 20 years

Payments made to acquire debt portfolios in excess of the fair value of the debt are capitalised and amortised over the estimated life of the portfolio

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings - 10% - 33%

Assets in course of construction represents computers and other equipment where the asset is being developed in house. These assets are not depreciated until they are fully commissioned and brought into use

Investments

Fixed asset investments are stated at their purchase cost less any provision for diminution in value

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

CREATION FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Deferred 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 Company'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.

Deferred tax is measured at the average 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. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, 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 difference can be deducted.

Bad debt provision

Provision is calculated on the basis of the expected rate of final loss established from statistical analysis of the debtor population for each product. These rates are then applied to all balances outstanding in order to calculate the provision for irrecoverable debts.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction or the rate of exchange of a related foreign exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. The resulting gain or loss is dealt with in the profit and loss account.

Pension costs

Pension costs charged to the profit and loss account reflect the contributions payable to the LaSer Cofinoga group of companies defined contribution pension scheme.

2. TURNOVER

All turnover is derived from operations in the United Kingdom and is recognised on an accruals basis, when the services are supplied.

CREATION FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2011

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

| | 2011 | 2010 |
|--|-------------------|-------------------|
| | £000 | £000 |
| Depreciation of owned fixed assets | 1,314 | 1,313 |
| Operating lease costs | | |
| - Plant and equipment | 309 | 253 |
| - Other | 553 | 528 |
| Auditor's remuneration - audit of the financial statements | 51 | 48 |
| Auditor's remuneration - audit of other group companies | 8 | 14 |
| | <u> </u> | <u> </u> |

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

| | 2011 | 2010 |
|--------------------------------|-------------------|-------------------|
| | No | No |
| Number of administrative staff | 183 | 156 |
| | <u> </u> | <u> </u> |

The aggregate payroll costs of the above were

| | 2011 | 2010 |
|-------------------------------|---------------------|--------------|
| | £000 | £000 |
| Wages and salaries | 8,135 | 6,767 |
| Social security costs | 895 | 755 |
| Other pension costs (note 19) | 667 | 545 |
| | <u>9,697</u> | <u>8,067</u> |

The company performs various administrative and operational functions on behalf of other group companies

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

| | 2011 | 2010 |
|----------------------|-------------------|-------------------|
| | £000 | £000 |
| Aggregate emoluments | 273 | 260 |
| | <u> </u> | <u> </u> |

CREATION FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2011

5. DIRECTORS' REMUNERATION *(continued)*

Emoluments of the highest paid director are £273,000 (2010 £259,769)

B D'Halluin, M Philippin, P A R Reffrey, J P Charles, J Darrieu, R Cicala, and R Doucet received their remuneration from LaSer Cofinoga S A and hence their emoluments are disclosed in the accounts of that company

Retirement benefits are accruing for 1 Director (2010 1) under the defined contribution scheme. The total value of the contributions paid into the defined contribution scheme was £24,000 (2010 £22,140)

6. INTEREST RECEIVABLE

| | 2011 £000 | 2010 £000 |
|----------------------------------|---------------|---------------|
| Bank interest receivable | 21 | 19 |
| Interest from group undertakings | 15,225 | 10,263 |
| | <u>15,246</u> | <u>10,282</u> |

7. AMOUNTS WRITTEN OFF INVESTMENTS

| | 2011 £000 | 2010 £000 |
|--|--------------|--------------|
| Carrying value of the Investment distributed (note 13) | 2,308 | - |
| Dividend distribution on voluntary liquidation | (2,288) | - |
| Amount written off investments | <u>20</u> | <u>-</u> |

The above amount arose on the voluntary liquidation of Creation Insurance Limited during the year (note 13)

8. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2011 £000 | 2010 £000 |
|--|---------------|---------------|
| Interest payable to group undertakings | <u>16,152</u> | <u>11,081</u> |

CREATION FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2011

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of (credit)/charge in the year

| | 2011 £000 | 2010 £000 |
|--|----------------------------|----------------------------|
| Current tax | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year | (1,866) | 3,017 |
| Adjustments to tax in respect of previous periods | 32 | (231) |
| Total current tax | (1,834) | 2,786 |
| Deferred tax | | |
| Origination and reversal of timing differences | (38) | 246 |
| Change of tax rate | 4 | - |
| Deferred tax asset not previously recognised | - | (369) |
| Adjustments in respect of prior periods | (34) | (232) |
| Total deferred tax | (68) | (355) |
| Tax on (loss)/profit on ordinary activities | (1,902) | 2,431 |

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is the same as (2010 lower than) the standard rate of corporation tax in the UK of 26.50% (2010 - 28%).

| | 2011 £000 | 2010 £000 |
|--|----------------------------|----------------------------|
| (Loss)/profit on ordinary activities before taxation | (6,921) | 11,564 |
| (Loss)/profit on ordinary activities by rate of tax | (1,834) | 3,238 |
| Expenses not deductible for tax purposes | 34 | 25 |
| Capital allowances in excess of depreciation | 38 | 50 |
| Utilisation of tax losses | - | (296) |
| Rate difference from loss carry back | (104) | - |
| Adjustments to tax charge in respect of previous periods | 32 | (231) |
| Total current tax (note 9(a)) | (1,834) | 2,786 |

During the year, as a result of the change in the UK main corporation tax rate to 25% that was substantively enacted on 5 July 2011 and that will be effective from 1 April 2012, the relevant deferred tax balances have been remeasured. On 21 March 2012 the government announced in the budget that the rate applying from 1 April 2012 would be further reduced to 24%.

The United Kingdom government has announced further planned reductions to the rate of corporation tax. The proposed rate will be 24% applying from 1 April 2013, and 23% from 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

CREATION FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2011

10. DIVIDENDS

| | 2011 £000 | 2010 £000 |
|------------------------------------|--------------|--------------|
| Dividends proposed during the year | - | - |
| | - | - |

A dividend of £27,710,000 was proposed by the board of directors on 4 May 2012, and was paid on 10 May 2012

11. INTANGIBLE FIXED ASSETS

| | Premium on acquisition of debt portfolio £000 | Licences and similar intangible assets £000 | Total £000 |
|--|---|---|---------------|
| COST | | | |
| At 1 January 2011 and 31 December 2011 | <u>2,921</u> | <u>1,493</u> | <u>4,414</u> |
| AMORTISATION | | | |
| At 1 January 2011 and 31 December 2011 | <u>2,921</u> | <u>1,493</u> | <u>4,414</u> |
| NET BOOK VALUE | | | |
| At 31 December 2011 | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 December 2010 | <u>-</u> | <u>-</u> | <u>-</u> |

12. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £000 | Assets in course of construction £000 | Total £000 |
|--|----------------------------------|--|---------------|
| COST | | | |
| At 1 January 2011 | 13,224 | 168 | 13,392 |
| Additions | 350 | 132 | 482 |
| Transfer of assets in course of construction | 122 | (122) | - |
| At 31 December 2011 | <u>13,696</u> | <u>178</u> | <u>13,874</u> |
| DEPRECIATION | | | |
| At 1 January 2011 | 8,053 | - | 8,053 |
| Charge for the year | 1,314 | - | 1,314 |
| At 31 December 2011 | <u>9,367</u> | <u>-</u> | <u>9,367</u> |
| NET BOOK VALUE | | | |
| At 31 December 2011 | <u>4,329</u> | <u>178</u> | <u>4,507</u> |
| At 31 December 2010 | <u>5,171</u> | <u>168</u> | <u>5,339</u> |

CREATION FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2011

13. INVESTMENTS

| | 2011 | 2010 |
|-----------------------------------|---------------|---------------|
| | £000 | £000 |
| Creation Consumer Finance Limited | 81,473 | 63,623 |
| Creation Insurance Limited | - | 2,308 |
| | <u>81,473</u> | <u>65,931</u> |

The directors believe that the carrying value of the investments is supported by the underlying value of the subsidiaries

The Company holds the whole of the issued ordinary share capital of Creation Consumer Finance Limited, a company incorporated in the United Kingdom. The principal activity of the company is the provision of point of sale credit facilities for retail clients. The increase of investments in Creation Consumer Finance Limited relates to an additional capital contribution during the year.

The Company held the whole of the issued ordinary share capital of Creation Insurance Limited (CIL), a company incorporated in the Republic of Ireland. The principal activity was an insurance company for consumer payment protection plan insurance policies. The company ceased writing new business on 30 June 2004, and completed voluntary liquidation during the year (See note 7).

The Company also holds the whole of the issued ordinary share capital of Allders Financial Services Limited, a company incorporated in the United Kingdom, which did not trade during the year. The investment value at year end was £1 (2010: £1).

The Company also holds the whole of the issued ordinary share capital of West Midlands Debt Collections Limited, a company incorporated in the United Kingdom, which did not trade during the year. The investment value at year end was £100 (2010: £100).

CREATION FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2011

14. STOCKS

| | 2011 £000 | 2010 £000 |
|-------|--------------|--------------|
| Stock | <u>8</u> | <u>6</u> |

15. DEBTORS

| | 2011 £000 | 2010 £000 |
|------------------------------------|----------------|----------------|
| Trade debtors | 75,376 | 98,024 |
| Amounts owed by group undertakings | 810,112 | 716,439 |
| Other debtors | 22 | 1,075 |
| Corporation tax | 1,867 | – |
| Prepayments and accrued income | 1,675 | 1,328 |
| Deferred taxation (note 16) | 61 | – |
| | <u>889,113</u> | <u>816,866</u> |

The debtors above include the following amounts falling due after more than one year

| | 2011 £000 | 2010 £000 |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | <u>291,090</u> | <u>230,700</u> |

Included in trade debtors are amounts totalling £28,226,880 (2010 £26,561,009) on which interest recognition was suspended at the balance sheet date as a consequence of debtors experiencing financial difficulties

Included in amounts owed by subsidiary undertakings is a committed funding facility of £797,578,000 (2010 £711,882,600) provided to Creation Consumer Finance Limited which is reviewed on a regular basis. The interest rate ruling at 31 December 2011 was 2.52% (2010 1.59%)

The remaining amounts owed by group undertakings related to inter-group trading balances of £12,533,589 (2010 £4,555,695) which are unsecured, interest free and are repayable on demand

CREATION FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2011

16. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

| | 2011 £000 | 2010 £000 |
|-------------------------------|--------------|--------------|
| Included in debtors (note 15) | 61 | - |
| Included in provisions | - | (7) |
| | <u>61</u> | <u>(7)</u> |

The movement in the deferred taxation account during the year was

| | 2011 £000 | 2010 £000 |
|--|--------------|--------------|
| At 1 January | (7) | (362) |
| Profit and loss account movement arising during the year | 68 | 355 |
| At 31 December | <u>61</u> | <u>(7)</u> |

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

| | 2011 £000 | 2010 £000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | (12) | (85) |
| Tax losses available | 71 | 71 |
| Other timing differences | 2 | 7 |
| | <u>61</u> | <u>(7)</u> |

17. CREDITORS: Amounts falling due within one year

| | 2011 £000 | 2010 £000 |
|------------------------------------|----------------|----------------|
| Trade creditors | 1,479 | 1,912 |
| Amounts owed to group undertakings | 562,807 | 544,286 |
| Corporation tax | - | 2,532 |
| Other taxation and social security | 306 | 264 |
| Accruals and deferred income | 3,172 | 3,982 |
| | <u>567,764</u> | <u>552,976</u> |

Included in amounts owed to group undertakings is a secured funding facility of £864,778,000 (2010 £777,112,700) provided by LaSer Cofinoga S A on a revolving credit basis. The funding facility is reviewed on a regular basis. £560,188,000 (2010 £544,112,700) is due within one year.

Interest is charged at one month LIBOR rate plus a margin based upon prevailing market conditions of 1.47% (2010 LIBOR plus a margin of 13bps). The rate ruling as at 31 December 2011 was 2.29% (2010 1.59%).

The remaining amounts owed to group undertakings related to inter-group trading balances of £2,619,239 (2010 £172,558) are unsecured, interest free and are repayable on demand.

CREATION FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2011

18. CREDITORS: Amounts falling due after more than one year

The funding facility provided by LaSer Cofinoga S A due for repayment after more than one year is

| | 2011 £000 | 2010 £000 |
|--|----------------|----------------|
| Amounts repayable | | |
| In more than one year, but not more than two years | 192,090 | 183,500 |
| In more than two years, but not more than five years | 112,500 | 49,500 |
| | <u>304,590</u> | <u>233,000</u> |

19. PENSIONS

The Company is a member of a defined contribution scheme, the assets of which are held in trustee administered funds. The scheme is open to certain employees of the LaSer Cofinoga group of companies and further particulars are set out in the annual report of that Company.

The total pension cost for the Company was £666,621 (2010 £544,584). There were no outstanding or prepaid contributions at the year end (2010 £nil).

20. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date (2010 £nil).

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below:

| | 2011 | | 2010 | |
|-------------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
| | Land and buildings £000 | Other Items £000 | Land and buildings £000 | Other Items £000 |
| Operating leases which expire | | | | |
| Within 1 year | - | 25 | - | 1 |
| Within 2 to 5 years | 553 | 175 | 544 | 233 |
| | <u>553</u> | <u>200</u> | <u>544</u> | <u>234</u> |

22. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the relief available under FRS 8, Related Party Disclosures, not to disclose related party transactions with other related parties that are 100% members of the LaSer Cofinoga SA group of companies.

CREATION FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2011

23. SHARE CAPITAL

Authorised share capital:

| | 2011 | 2010 |
|---------------------------------------|----------------------|----------------------|
| | £000 | £000 |
| 59,702,640 Ordinary shares of £1 each | <u>59,703</u> | <u>59,703</u> |

Allotted, called up and fully paid:

| | 2011 | 2010 |
|---------------------------------------|--------------------------|--------------------------|
| | No | No |
| | £000 | £000 |
| 59,702,640 Ordinary shares of £1 each | <u>59,702,640</u> | <u>59,702,640</u> |
| | <u>59,703</u> | <u>59,703</u> |

24. PROFIT AND LOSS ACCOUNT

| | 2011 | 2010 |
|--------------------------------------|-----------------------|----------------------|
| | £000 | £000 |
| At 1 January | 57,340 | 48,207 |
| (Loss)/profit for the financial year | <u>(5,019)</u> | <u>9,133</u> |
| At 31 December | <u>52,321</u> | <u>57,340</u> |

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2011 | 2010 |
|--------------------------------------|-----------------------|-----------------------|
| | £000 | £000 |
| (Loss)/Profit for the financial year | (5,019) | 9,133 |
| Opening shareholders' funds | <u>117,043</u> | <u>107,910</u> |
| Closing shareholders' funds | <u>112,024</u> | <u>117,043</u> |

25. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company and controlling party is LaSer Cofinoga SA, a company incorporated in France. The largest undertaking of which the company is a member, and for which group financial statements are prepared, is LaSer Cofinoga SA. Group financial statements for this company are prepared and are available to the public from 18 Rue de Londres, 75009 Paris, France.

The ultimate parent companies and controlling parties are BNP Paribas SA and Galeries Lafayette Group SA, who each own 50% of the LaSer Group, and are incorporated in France. Copies of the annual reports are available from the registered offices of these Companies.