

**COMPANY REGISTRATION NUMBER: 01091883**

**CREATION FINANCIAL SERVICES LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**WEDNESDAY**



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**CREATION FINANCIAL SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

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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  
S M J Traisnel

### **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 2012**

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2012

#### **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 slow and uncertain growth of the UK economy 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. The Company will continue to review strategies to minimise the impact of bad debts.

During the year, in conjunction with group management, the directors have undertaken a comprehensive review and reassessment of the loan loss provisioning methodology, having regard to the evidence available at group level and utilised for assessing the IFRS loan loss provision. This included further segmentation of the loan book and reassessment of the expected default rates. This review resulted in an increase of £8.1m in the loan loss provision which is reflected in the current year's results.

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 consider the amount of potential PPI mis-selling claims to be immaterial to the financial statements.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £3,001,000 (2011: £5,019,000). Particulars of dividends paid are detailed in note 10 to the financial statements.

#### **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 (*continued*)**

### **YEAR ENDED 31 DECEMBER 2012**

#### *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 bearing interest which is based on LIBOR. Furthermore the company enters into interest rate swaps to reduce the exposure to movements in LIBOR.

#### *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.

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Company made no disclosable political or charitable donations or incurred any political expenditure during the year (2011: £Nil).

### **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 and up to the date of signing the financial statements were as follows:

R Doucet

J P Charles

P A R Reffay

S A R Hunt

R Cicala

S M J Traisnel

Resigned on 4 July 2012

Appointed on 30 January 2013

### **DIRECTORS' INDEMNITIES**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

# CREATION FINANCIAL SERVICES LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

### DIRECTORS' RESPONSIBILITIES STATEMENT

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he/she has taken all 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.

Signed by order of the directors

  
J S McCulloch  
Company Secretary

Approved by the directors on 19 April 2013  
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 2012 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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

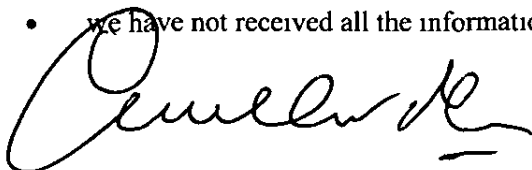
# CREATION FINANCIAL SERVICES LIMITED

## 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

19 April 2013



**CREATION FINANCIAL SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £000	2011 £000
<b>TURNOVER</b>	<b>2</b>	<b>26,236</b>	<b>30,423</b>
Administrative expenses		<u>(26,990)</u>	<u>(36,418)</u>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(754)</b>	<b>(5,995)</b>
Interest receivable and similar income	<b>6</b>	<b>21,161</b>	15,246
Amounts written off investments	<b>7</b>	–	(20)
Interest payable and similar charges	<b>8</b>	<u>(23,455)</u>	<u>(16,152)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(3,048)</b>	<b>(6,921)</b>
Tax on loss on ordinary activities	<b>9</b>	<b>47</b>	1,902
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>23</b>	<b><u>(3,001)</u></b>	<b><u>(5,019)</u></b>

All results derive from continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss 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 pages 9 to 21 form part of these financial statements

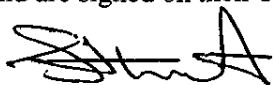
# CREATION FINANCIAL SERVICES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2012

	Note	2012 £000	2011 £000
<b>FIXED ASSETS</b>			
Intangible assets	11	—	—
Tangible assets	12	3,463	4,507
Investments	13	81,473	81,473
		<u>84,936</u>	<u>85,980</u>
<b>CURRENT ASSETS</b>			
Stocks	14	4	8
Debtors due within one year	15	655,868	598,023
Debtors due after one year	15	239,500	291,090
Cash at bank and in hand		4,272	9,277
		<u>899,644</u>	<u>898,398</u>
<b>CREDITORS: Amounts falling due within one year</b>	17	<u>(634,654)</u>	<u>(567,764)</u>
<b>NET CURRENT ASSETS</b>		<u>264,990</u>	<u>330,634</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>349,926</u>	<u>416,614</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	18	<u>(268,613)</u>	<u>(304,590)</u>
		<u>81,313</u>	<u>112,024</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	22	59,703	59,703
Profit and loss account	23	21,610	52,321
<b>TOTAL SHAREHOLDERS' FUNDS</b>	24	<u>81,313</u>	<u>112,024</u>

These financial statements were approved by the directors and authorised for issue on 19 April 2013, and are signed on their behalf by

  
S A R Hunt  
Director

The notes on pages 9 to 21 form part of these financial statements.

# **CREATION FINANCIAL SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

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 year 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

YEAR ENDED 31 DECEMBER 2012

### 1. ACCOUNTING POLICIES *(continued)*

#### **Intangible 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

YEAR ENDED 31 DECEMBER 2012

### 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.

#### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### **Bad debt provision**

Provision is calculated on the basis of the expected rate of final loss established from statistical analysis of the debtor population. In determining the provision, consideration is given to the performance at individual product level, and where relevant, customer level, using recent trends and empirical evidence to assess the expected future collections. 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.

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 1. ACCOUNTING POLICIES *(continued)*

#### 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

### 3. OPERATING LOSS

Operating loss is stated after charging

	2012	2011
	£000	£000
Depreciation of owned fixed assets	1,360	1,314
Operating lease costs		
- Plant and equipment	341	309
- Other	512	553
Auditor's remuneration - audit of the financial statements	47	49
Auditor's remuneration - other fees	—	10

The current year's results include an additional loan loss provision of £8 lm, which arises as a result of a detailed review of the estimation technique

### 4. PARTICULARS OF EMPLOYEES

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

	2012	2011
	No	No
Number of administrative staff	203	183

The aggregate payroll costs of the above were

	2012	2011
	£000	£000
Wages and salaries	9,398	8,135
Social security costs	1,078	894
Other pension costs	759	667
	11,235	9,696

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£000	£000
Aggregate emoluments	<u>275</u>	<u>273</u>

#### Remuneration of highest paid director:

	2012	2011
	£000	£000
Aggregate emoluments	<u>275</u>	<u>273</u>

The number of directors who accrued benefits under Company pension schemes was as follows:

	2012	2011
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

P A R Reffay, J P Charles, R Cicala, R Doucet, S M J Traisnel and J Darrigade received their remuneration from LaSer Cofinoga SA and hence their emoluments are disclosed in the accounts of that Company

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£000	£000
Bank interest receivable	19	21
Interest from group undertakings	<u>21,142</u>	<u>15,225</u>
	<u>21,161</u>	<u>15,246</u>

### 7. AMOUNTS WRITTEN OFF INVESTMENTS

	2012	2011
	£000	£000
Amount written off investments	<u>-</u>	<u>20</u>

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £000	2011 £000
Interest payable to group undertakings	<u>23,455</u>	<u>16,152</u>

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2012 £000	2011 £000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 24.5% (2011 - 26.5%)	-	(1,866)
Adjustment in respect of prior periods	<u>22</u>	<u>32</u>
Total current tax	<u>22</u>	<u>(1,834)</u>
Deferred tax		
Origination and reversal of timing differences	(59)	(38)
Change in rate	10	4
Adjustment in respect of prior year	<u>(20)</u>	<u>(34)</u>
Total deferred tax	<u>(69)</u>	<u>(68)</u>
Tax on loss on ordinary activities	<u>(47)</u>	<u>(1,902)</u>

The tax assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK (24.5% (2011 26.5%)). The differences are explained in note 9(b)



# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES *(continued)*

#### (b) Factors affecting current tax charge

	2012 £000	2011 £000
Loss on ordinary activities before taxation	<u>(3,048)</u>	<u>(6,921)</u>
Loss on ordinary activities by rate of tax multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(747)	(1,834)
Expenses not deductible for tax purposes	8	30
Capital allowances in excess of depreciation	61	38
Rate difference from loss carry back	-	(104)
Adjustments to tax charge in respect of previous periods	20	34
Rounding on tax charge	-	2
Group relief surrendered	<u>680</u>	<u>-</u>
Total current tax (note 9(a))	<u>22</u>	<u>(1,834)</u>

During the year, as a result of the change in the UK main corporation tax rate to 23% that was substantively enacted in July 2012 and was effective from 1 April 2013, the relevant deferred tax balances have been remeasured.

The United Kingdom government has announced further planned reductions to the rate of corporation tax. The proposed rates will be 21% applying from 1 April 2014, and 20% from 1 April 2015. The changes had not yet been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

### 10. DIVIDENDS

#### Equity dividends

	2012 £000	2011 £000
Paid during the year		
Dividends on equity shares of 46p per share (2011: Nil)	<u>27,710</u>	<u>-</u>
Proposed after the year-end (not recognised as a liability)		
Dividends on equity shares	<u>-</u>	<u>27,710</u>

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 11. INTANGIBLE FIXED ASSETS

	Premium on acquisition of debt portfolio £000	Licences and similar intangible assets £000	Total £000
<b>COST</b>			
At 1 January 2012 and 31 December 2012	<u>2,921</u>	<u>1,493</u>	<u>4,414</u>
<b>AMORTISATION</b>			
At 1 January 2012 and 31 December 2012	<u>2,921</u>	<u>1,493</u>	<u>4,414</u>
<b>NET BOOK VALUE</b>			
At 31 December 2012	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2011	<u>—</u>	<u>—</u>	<u>—</u>

### 12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £000	Assets in course of construction £000	Total £000
<b>COST</b>			
At 1 January 2012	13,696	178	13,874
Additions	425	42	467
Transfers	—	(151)	(151)
At 31 December 2012	<u>14,121</u>	<u>69</u>	<u>14,190</u>
<b>DEPRECIATION</b>			
At 1 January 2012	9,367	—	9,367
Charge for the year	1,360	—	1,360
At 31 December 2012	<u>10,727</u>	<u>—</u>	<u>10,727</u>
<b>NET BOOK VALUE</b>			
At 31 December 2012	<u>3,394</u>	<u>69</u>	<u>3,463</u>
At 31 December 2011	<u>4,329</u>	<u>178</u>	<u>4,507</u>

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 13. INVESTMENTS

	2012	2011
	£000	£000
Cost	<u>81,473</u>	<u>81,473</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 Company also holds the whole of the issued ordinary share capital of Alders 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 (2011: £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 (2011: £100)

### 14. STOCKS

	2012	2011
	£000	£000
Stock	<u>4</u>	<u>8</u>

### 15. DEBTORS

	2012	2011
	£000	£000
Trade debtors	56,812	75,376
Amounts owed by group undertakings	832,044	810,112
Other debtors	4,744	1,889
Prepayments and accrued income	1,638	1,675
Deferred taxation (note 16)	130	61
	<u>895,368</u>	<u>889,113</u>

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

	2012	2011
	£000	£000
Amounts owed by group undertakings	<u>239,500</u>	<u>291,090</u>

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2012

#### 15. DEBTORS *(continued)*

As at 1 November 2012, the company aligned the bad debt provision rates with its parent company, LaSer Cofinoga SA. At this date the impact of the change resulted in an additional provision of £8,086,181

Included in trade debtors are amounts totalling £27,280,582 (2011 £28,226,880) 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 £814,594,925 (2011 £797,578,000) provided to Creation Consumer Finance Limited which is reviewed on a regular basis. The interest rate ruling at 31 December 2012 was 3.11% (2011 2.52%)

The remaining amounts owed by group undertakings related to inter-group trading balances of £17,448,764 (2011 £12,533,589) which are unsecured, interest free and are repayable on demand

#### 16. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2012	2011
	£000	£000
Included in debtors (note 15)	130	61

The movement in the deferred taxation account during the year was

	2012	2011
	£000	£000
At 1 January	61	(7)
Profit and loss account movement arising during the year	69	68
At 31 December	130	61

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

	2012	2011
	£000	£000
Tax losses available	65	71
Accelerated capital allowances	51	(12)
Other timing differences	14	2
	130	61

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 17. CREDITORS: Amounts falling due within one year

	2012	2011
	£000	£000
Trade creditors	1,207	1,479
Amounts owed to group undertakings	628,438	562,807
Other taxation and social security	308	306
Accruals and deferred income	4,701	3,172
	<u>634,654</u>	<u>567,764</u>

Included in amounts owed to group undertakings is an amount of £896,894,925 (2011. £864,778,000) owed to LaSer Cofinoga SA under a funding facility. The funding facility is reviewed on a regular basis. £628,282,212 (2011 £560,188,000) is due within one year. Drawing on this facility can be at fixed or floating interest rates and will depend on the term of the drawing.

Interest is charged at one month LIBOR rate plus a margin based upon prevailing market conditions of 3.04 % (2011 1.47%). The rate ruling as at 31 December 2012 was 3.53% (2011 2.29%).

The remaining amounts owed to group undertakings related to inter-group trading balances of £155,804 (2011 £2,619,239) are unsecured, interest free and are repayable on demand.

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

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

	2012	2011
	£000	£000
Amounts repayable		
In more than one year, but not more than two years	216,113	192,090
In more than two years, but not more than five years	52,500	112,500
	<u>268,613</u>	<u>304,590</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 £758,617 (2011 £666,621). There were no outstanding or prepaid contributions at the year end (2011 £nil).

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 20. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings £000	Other Items £000	Land and buildings £000	Other Items £000
Operating leases which expire				
Within 1 year	-	42	-	25
Within 2 to 5 years	512	142	553	175
	<u>512</u>	<u>184</u>	<u>553</u>	<u>200</u>

### 21. 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

### 22. SHARE CAPITAL

Authorised share capital:

	2012 £000	2011 £000
59,702,640 Ordinary shares of £1 each	<u>59,703</u>	<u>59,703</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£000	No	£000
59,702,640 Ordinary shares of £1 each	<u>59,702,640</u>	<u>59,703</u>	<u>59,702,640</u>	<u>59,703</u>

### 23. PROFIT AND LOSS ACCOUNT

	2012 £000	2011 £000
At 1 January	52,321	57,340
Loss for the financial year	(3,001)	(5,019)
Equity dividends	<u>(27,710)</u>	<u>-</u>
At 31 December	<u>21,610</u>	<u>52,321</u>

# CREATION FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Loss for the financial year	(3,001)	(5,019)
Equity dividends	(27,710)	—
Net reduction to shareholders' funds	(30,711)	(5,019)
Opening shareholders' funds	112,024	117,043
Closing shareholders' funds	<u>81,313</u>	<u>112,024</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 Personal Finance and Galeries Lafayette Group SA, who each own 50% of the LaSer SA, and are incorporated in France. Copies of the annual reports are available from the registered offices of these Companies.