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Registration number: 04332476

Speedloan Finance Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2018

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Speedloan Finance Limited

Contents

Speedloan Finance Limited

Company Information

Directors	T Atsumi K Ogawa
Registered office	164 Cowley Road Oxford Oxfordshire OX4 1UE
Auditors	Hawsons Chartered Accountants Statutory Auditors Jubilee House 32 Duncan Close Moulton Park Northampton NN3 6WL

Speedloan Finance Limited

Strategic Report for the Year Ended 31 March 2018

The directors present their strategic report for the year ended 31 March 2018.

Fair review of the business

The principal activity of the company during the year was that of secured lending. In addition to secured lending, the business activities included retail, gold buying, sale of foreign exchange banknotes, Western Union transfers, third party cheque cashing and jewellery repairs. The company has gone through a phase of transformation since acquisition by Daikokuya. As a result there has been a focus on reducing overhead expenditure and the company has achieved almost breakeven EBITDA. The intention is to continue with this strategy with the objective of returning to net operating profitability in the near term.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Loan book level and quality	£m	14.14	15.21
Revenue	£m	33.96	37.99
Gross profit	£m	18.18	20.81
Overheads	£m	18.78	21.06
EBITDA	£m	(.24)	.44

Business developments

The year saw a continued period of stability, with the operating loss marginally increasing from £0.3m to £0.6m. The business trades from 115 stores (2017: 115) across the UK. The company head office was reallocated from Wakefield to London on the 24th June 2017 with the aim of growing the business. It remains our prime goal to create distinctiveness in a crowded market place through focus on inventory and customer service. A formal business review has been adopted, which resulted in a decrease in significant overheads and improved efficiency levels across different functions within the business.

The core income streams of pawnbroking, gold buying, jewellery retail, third party cheque cashing, Western Union money transfer and foreign exchange have been retained. The primary income stream remains pawnbroking and there has been a continuation of the enhanced lending practices established in prior years. Lending quality has been maintained at a high level with a higher and more stable yield and all business streams have performed in line with expectations.

Independent auditors

Hawson's Chartered Accountants were appointed as auditors on 9 April 2018 and are acting for the year ended 31 March 2018.

Principal risks and uncertainties

There are a number of risks and uncertainties which may affect the company's performance. An internal risk assessment process is designed to identify, manage and mitigate these business risks. The table below sets out examples of risks across the company's activities and the actions which have been taken to mitigate adverse consequences.

Area	Descritpion of risk	Examples of Mitigating Activites
Financial performance	Unexpected adverse movement in financial performance	Daily MI Weekly KPI's and performance by branch Weekly performance reviews Monthly board review
Pawnbroking and jewellery retailing	Security of customers' and the Company's jewellery	Investment in staff training, processes, procedures and security systems Tight control of lending rates
	Significant movements in gold price	Continual monitoring of the market gold prices
Gold purchasing	Variations in the volumes of gold purchased and the underlying gold price	Continual monitoring of the market gold prices Tight control of the price paid for articles Weekly performance reviews
Foreign exchange	Fluctuations in foreign currency exchange rates between the time of purchase of the currency and the time of its subsequent sale to the customer	Small holdings of foreign currency at each store with quantities being just enough to service the Group's known requirements / short term expectations. The company does not adopt any formal hedging instruments.
IT	IT failure	Distributed system architecture with failure resilience built in

	System change	Business continuity plan
		Formal, documented, change process based on PRINCE 2
People	Succession planning and capability	Competitive pay
		Ongoing investment in staff training and development

In addtion to the above, there are a number of macro-economic risks, examples of which are;

Market
Market conditions for the industry remain stable but there can be uncertainty due to a strong regulatory environment. As the Company operates in a highly regulated environment, the Board is mindful of managing this by engaging with the regulator and treating customers fairly. The current and future market looks positive and new opportunities such as foreign exchange and retailing of new products will improve profitability for companies in this sector.

The Board believe that pawn broking will remain the core business but there is a place for money services through a strong retail network which provides second to none service levels. The belief is at the heart of Speedloan Finance Limited's future strategy.

Regulatory
Speedloan Finance Limited currently operates under a credit licence from The Financial Conduct Authority (FCA). The Directors have taken all necessary steps to ensure the Company continues to comply with FCA requirements and HMRC guidelines on anti-money laundering.

Approved by the Board and signed on its behalf by:

K Ogawa
Director
28 September 2018

Speedloan Finance Limited

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' of the company
The directors, who held office during the year, were as follows:

T Atsumi (appointed 6 May 2017)

K Fusa (resigned 15 March 2018)

K Ogawa

Results and dividends
The loss for the year, after taxation, amounted to £3,349,001 (31 March 2017: loss £1,679,930).

The statement of financial position as detailed on page 8 shows total equity of (£3,503,082) at 31 March 2018 (£376,571) at 31 March 2017.

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 March 2018 (year ended 31 March 2017: £nil).

Employment policies
The Company is an equal opportunities employer and does not discriminate on the grounds of gender, sexual orientation, marital or civil partnership, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age. The Company is committed to ensuring all employees are treated fairly, with respect and are valued. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If employees become disabled, the Company aims to continue employment, either in the same or an alternative position, with appropriate retraining and suitable adjustments being given if necessary.

Directors' liabilities
Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

Disclosure of information to the auditor
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on and signed on its behalf by:

K Ogawa
Director
28 September 2018

Speedloan Finance Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of Speedloan Finance Limited

Opinion

We have audited the financial statements of Speedloan Finance Limited (the 'company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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.

Independent Auditor's Report to the Members of Speedloan Finance Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Hawsons

Richard Burkimsher
(Senior Statutory Auditor)
For and on behalf of Hawsons Chartered Accountants, Statutory Auditor
Jubilee House
32 Duncan Close
Moulton Park
Northampton
NN3 6WL

23 October 2018

Speedloan Finance Limited

Statement of Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	(As restated) 2017 £
Revenue	22	33,957,018	37,994,443
Cost of sales		(15,772,789)	(17,183,232)
Gross profit		18,184,229	20,811,211
Administrative expenses		(18,780,911)	(21,064,625)
Operating loss	5	(596,682)	(253,414)
Exceptional items	6	(1,341,923)	-
Finance costs	10	(1,412,299)	(1,647,766)
Loss before tax		(3,350,904)	(1,901,180)
Income tax receipt	11	1,903	221,250
Loss and total comprehensive loss for the year		(3,349,001)	(1,679,930)

The above results were derived from continuing operations.

Speedloan Finance Limited

(Registration number: 04332476)
Statement of Financial Position as at 31 March 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Intangible assets	12	299,815	91,916
Property, plant and equipment	13	1,100,011	1,154,733
		1,399,826	1,246,649
Current assets			
Inventories		3,538,304	5,374,082
Trade and other receivables	14	18,861,697	18,780,143
Amounts owed by fellow group undertakings	23	1,971,816	3,011,694
Income tax asset		-	338,898
Cash and cash equivalents	15	8,803,214	7,609,346
		33,175,031	35,114,163
Total assets		34,574,857	36,360,812
Equity and liabilities			
Non-current liabilities			
Deferred tax liabilities	11	27,775	27,775
Current liabilities			
Trade and other payables	16	1,534,865	1,692,298
Loans and borrowings		10,002,639	9,714,361
Amounts owed to fellow group undertakings	24	26,512,660	25,080,459
Amounts owing to preference shareholders	25	-	222,490
		38,050,164	36,709,608
Total liabilities		38,077,939	36,737,383
Equity			
Share capital	17	2	2
Share premium		292,163	292,163
Preference share capital		3	-
Preference share premium		222,487	-
Capital redemption reserve		4	4
Retained earnings		(4,017,741)	(668,740)
Total equity		(3,503,082)	(376,571)
Total equity and liabilities		34,574,857	36,360,812

Approved by the Board on and signed on its behalf by:

K Ogawa
Director
28 September 2018

The notes on pages 12 to 24 form an integral part of these financial statements.

Speedloan Finance Limited

Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Share premium £	Capital redemption reserve £	Preference share capital £	Preference share premium £	Retained earnings £	Total £
At 1 April 2017	2	292,163	4	-	-	(668,740)	(376,571)
Loss for the year	-	-	-	-	-	(3,349,001)	(3,349,001)
Total comprehensive loss	-	-	-	-	-	(3,349,001)	(3,349,001)
Transfer of preference shares from liabilities	-	-	-	3	222,487	-	222,490
At 31 March 2018	2	292,163	4	3	222,487	(4,017,741)	(3,503,082)

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total £
At 1 April 2016	2	-	-	1,303,357	1,303,359
Loss for the year	-	-	-	(1,679,930)	(1,679,930)
Total comprehensive loss	-	-	-	(1,679,930)	(1,679,930)
Redemption of preference shares	-	292,163	4	(292,167)	-
At 31 March 2017	2	292,163	4	(668,740)	(376,571)

The share capital represents the number of shares issued at nominal price.

Retained earnings represent the aggregate of (losses)/profits generated by the Company since trading commenced, less dividends paid.

Share Premium account movement represents the premium value of the redeemed preference shares

Capital redemption reserve represents the par value of the redeemed preference shares.

Speedloan Finance Limited

Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss for the year		(3,349,001)	(1,679,930)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	359,505	393,377
Impairment of property, plant & equipment		-	299,577
Finance costs		1,412,299	1,647,766
Income tax expense	11	(1,903)	(221,250)
		(1,579,100)	439,540
Working capital adjustments			
Decrease/(increase) in inventories		1,835,778	(713,627)
Increase in trade and other receivables	14	(81,555)	(686,574)
(Decrease)/increase in trade and other payables	16	(157,433)	3,013
Increase/(decrease) in intercompany balance		1,472,080	(347,486)
Cash generated from operations		1,489,770	(1,305,134)
Income taxes received/(paid)	11	340,801	(2,820,248)
Net cash flow from operating activities		1,830,571	(4,125,382)
Cash flows from investing activities			
Acquisitions of property plant and equipment		(242,590)	(825,178)
Acquisition of intangible assets	12	(270,092)	(55,302)
Net cash flows from investing activities		(512,682)	(880,480)
Cash flows from financing activities			
Interest paid		(1,412,299)	(1,647,766)
Financing received from loans issued		288,278	9,714,361
New intercompany loan		1,000,000	-
Repayment of preference share debt		-	(292,167)
Net cash flows from financing activities		(124,021)	7,774,428
Net increase in cash and cash equivalents		1,193,868	2,768,566
Cash and cash equivalents at 1 April		7,609,346	4,840,780
Cash and cash equivalents at 31 March	15	8,803,214	7,609,346

The notes on pages 12 to 24 form an integral part of these financial statements.

1 General information

The principal activity of Speedloan Finance Limited ('the Company') in the year was the provision of secured lending. In addition to secured lending, the business activities included retail, gold purchasing, sale of foreign exchange banknotes, Western Union, cheque cashing and jewellery repairs.

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:
164 Cowley Road
Oxford
Oxfordshire
OX4 1UE

2 Accounting policies

Statement of compliance
The company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRSs").

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements of Speedloan Finance Limited have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The directors consider that it is appropriate for the accounts to be prepared on a going concern basis of accounting. The continuing operation of the Group is dependent on its ability to fund the business following the expiration of its current external financing in November 2018.

The Board continues to develop strategic options which individually or in combination are reasonably expected to secure the future of the Group. These options include:

- Realisation of cash from disposal of inventory and a reduction in the working capital held in the business;
- Ongoing financial support being provided, as required, by the Group's parent undertaking; and
- Obtaining external financing from alternative providers.

These options include the involvement of third parties and therefore carry execution risk. On this basis the Directors consider that there is a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. In order to satisfy themselves that the Group has adequate resources to continue to operate for the foreseeable future as a going concern, the Directors have taken account of the following:

- The liquidity position of the Group and its ability to generate cashflow from the sale of inventory and reduction in working capital requirements;
- The Group's underlying financial performance from 31 March 2018 to present and its forecasted performance for a period of at least 12 months from the date of signing these financial statements;
- The Group's forecasted cash flows for a period of at least 12 months from the date of signing these financial statements; and
- The Group's principal risks and uncertainties, including operational risks, as set out in the Strategic Report.

Having due regard to these matters and after taking into consideration the material uncertainties, the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

Interpretations of standards
There are no new standards or amendments to standards that are mandatory for the first time for the financial period ended 31 March 2018 that have a significant impact on the Company. New standards, amendments to standards and interpretations that have been published but are not yet effective are not expected to have a significant impact on the Company with the exception of IFRS 9 Financial Instruments. This standard will be effective from accounting periods commencing on or after 1 January 2018. Management will assess the expected impact of this standard with support from the company's auditors.

Property, plant and equipment
Property, plant and equipment is stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation
Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Freehold property	2% per annum on buildings (land not depreciated)
Fixtures, fittings and equipment	10 – 33% per annum

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency (Sterling) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Intangible assets
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Impairment of non-financial assets
The Company assesses at each reporting date whether an asset may be impaired. If any such indicator exists, the Company tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset, an impairment loss is recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount provided this does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at revalued amounts, in which case the reversal of the impairment is treated as a revaluation increase.

Financial assets

Classification

Trade and other receivables

Recognition and measurement

Pawnbroking receivables are initially recorded at the amount advanced to the customer (plus any directly attributed issue costs). Receivables are subsequently increased by revenue, recognised using the effective interest rate method, and reduced by cash collections and any deduction for impairment.

Impairment

The Company assesses whether there is objective evidence that pawnbroking and other receivables are impaired at each balance sheet date. The principal criterion for determining whether there is objective evidence of impairment for pawnbroking receivables is delinquency or default in contractual payments on maturity of pawnbroking contracts. Other trade receivables are deemed to be impaired when a contractual payment has been missed. Impairment is calculated as the difference between the carrying value of receivables and the amount receivable either directly by repayment or by the forfeit and realisation of pledged security, in each case shortly after the balance sheet date.

Impairment is recorded through the use of an allowance account and charged to the statement of comprehensive income as part of administrative expenses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Share capital

Ordinary shares are classified as equity.

Inventories

All inventory is held for resale, comprising new and second-hand inventory and ex-pledge inventory.

(a) New and second hand inventory

New and second hand inventory is valued at the lower of cost and net realisable value. Cost comprises invoice cost with no interest or overhead included.

(b) Ex-pledge inventory

Ex-pledge inventory is valued at the lower of cost and net realisable value. Ex-pledge inventory originates from the collateral initially given on the inception of pawnbroking loans. Such items are only included in inventory when they become the property of the Company due to non-redemption of the loans. The cost of ex-pledge inventory is based on the value of the loan principal and accrued interest owing on a loan at the point the pledged item is forfeit if unredeemed at the end of the pawnbroking contract.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year. Trade payables are recognised at fair value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Tax
Deferred income tax is provided in full without discounting, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable (loss) / profit for the period. Taxable (loss) / profit differs from net (loss) / profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Revenue recognition
Pawnbroking interest income is recognised within revenue using the effective interest rate method. The effective interest rate is that rate which exactly discounts the expected future cashflows (including interest) on a loan back to its initial carrying amount (principal advanced), but excluding the anticipated impact of customers paying late or not paying at all. Where applicable, directly attributable incremental issue costs are also taken into account in calculating the effective interest rate.

Income from retail jewellery sales, cheque-cashing, overseas money transmission and customer foreign currency exchange activities is earned in full at the time each customer transaction is carried out.

Revenue is stated net of any third party commission payable.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases with an option to purchase is depreciated over the useful life of the asset.

The accounting policy adopted for finance leases is also applied to hire purchase agreements.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Defined contribution pension obligation

The Company makes contributions to privately administered pension insurance plans on behalf of eligible employees. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due in accordance with the rules of the scheme. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the statement of financial position. The assets of these schemes are held separately from those of the Company.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the subsequent related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Inventory valuation

Inventories are valued at the lower of cost or net realisable value. Estimation of net realisable value involves assessment of a number of factors including but not limited to: historic experience of discount campaigns, prevailing retail market rates for jewellery, and wholesale gold market prices. There is a risk these assumptions will vary from the actual result. Provisions are made for expected losses on inventory that is deemed to have suffered impairment.

Impairment of trade receivables

The impairment of pawnbroking receivables is subject to a portfolio approach. Provision is made for amounts in arrears, less any amounts anticipated to be recovered. Whilst initially based on historical collections experience, provision estimates are adjusted to better reflect anticipated collections performance after making allowance for other factors such as changes to the economic climate.

With respect to all impairment provisions that are based on estimates, there is a risk that actual collections will vary from management expectation at the period end date.

4 Financial risk management

The Company is exposed to a number of different financial risks in the normal course of business including credit, interest rate and liquidity risks.

Credit risk

Credit risk is the risk of default by customers with secured pawnbroking loans from the Company. Credit risk is mitigated by the taking of pledged items (principally gold and other jewellery) as formal security, application of strict lending criteria, including credit checks and staff training and recruitment policies. The risk is monitored by review of impairment of receivables.

Interest rate risk

The group funding provided by the immediate parent company Ag47 Ltd is non interest bearing. The funding arrangement with Gordon Brothers is at LIBOR (minimum 0.5%) plus margin of 9% per annum, therefore any interest rate risk is limited to changes in the LIBOR rate.

Liquidity risk

The Board receives cash forecasts which estimate future cash inflows and outflows, so that management can maintain adequate cash resources in the business at all times. The Directors of the Company have received confirmation from Daikokuya Holdings Co. Ltd that at the date of signing of these financial statements, it intends to maintain appropriate funding in the business for the next 12 months, either by way of renewing the funding arrangements set out above or by accessing external finance.

5 Operating loss

Arrived at after charging

	2018 £	2017 £
Depreciation expense	297,312	638,513
Amortisation expense	62,193	54,441
Operating lease expense - property	4,127,428	4,087,191

6 Exceptional items

	2018 £	2017 £
Exceptional items		
Write-off of irrecoverable intercompany debt	1,341,923	-

During the year, the balance with Chantry Collections Limited, a fellow subsidiary company, was written off as irrecoverable.

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	7,704,443	8,983,987
Social security costs	668,005	750,922
Pension costs, defined contribution scheme	203,972	250,080
	8,576,420	9,984,989

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

	2018 No.	2017 No.
Store staff	370	417
Central support, management and distribution	21	37
	391	454

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	533,394	411,994

No directors were accruing benefits under Company pension schemes during the year (2017: nil).

In respect of the highest paid director:

	2018 £	2017 £
Aggregate emoluments	393,158	187,989

9 Key Management personnel

The key personnel during the year are considered to be the directors at that time. Details of remuneration are provided in note 8 to the financial statements.

10 Finance costs

	2018 £	2017 £
Interest payable to other group companies	29,732	20,059
Interest on bank overdrafts and borrowings	1,382,567	1,627,707
	1,412,299	1,647,766

The funding arrangement with Gordon Brothers is at LIBOR (minimum 0.5%) plus fixed margin of 11% per annum.

11 Income tax

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	(1,903)	(108,087)
Deferred taxation		
Arising from origination and reversal of temporary differences	-	(113,163)
Tax receipt in the income statement	(1,903)	(221,250)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
Loss before tax	(3,350,904)	(1,901,180)
Corporation tax at standard rate	(636,672)	(380,236)
Adjustments in respect of prior periods	(1,903)	(91,414)
Late payment interest	-	(5,690)
Effect of capital allowances and depreciation	4,172	28,614
Effect of change in future tax rates	-	(7,830)
Non-taxable intercompany write-back	254,183	-
Other	-	500
Expenses not deductible	25,055	252,534
Transfer pricing adjustments	(138,147)	(17,728)
Current year tax losses	491,409	-
Total tax credit	(1,903)	(221,250)

Deferred tax

Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

2018	**Liability £**
Accelerated tax depreciation	(100,158)
Tax losses carry-forwards	65,309
Other items	7,074
	(27,775)

2017	**Liability £**
Accelerated tax depreciation	(100,158)
Tax losses carry-forwards	65,309
Other items	7,074
	(27,775)

12 Intangible assets

	Software £
Cost or valuation	
At 1 April 2016	143,542
Additions	55,302
At 31 March 2017	198,844
At 1 April 2017	198,844
Additions	270,092
At 31 March 2018	468,936
Amortisation	
At 1 April 2016	52,487
Amortisation charge	54,441
At 31 March 2017	106,928
At 1 April 2017	106,928
Amortisation charge	62,193
At 31 March 2018	169,121
Carrying amount	
At 31 March 2018	299,815
At 31 March 2017	91,916

The amortisation charge in the year of £62,193 (2017: £54,441) was recognised within administrative expenses.

13 Property, plant and equipment

	Freehold buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2016	145,000	1,218,122	1,363,122
Additions	-	825,178	825,178
At 31 March 2017	145,000	2,043,300	2,188,300
At 1 April 2017	145,000	2,043,300	2,188,300
Additions	-	242,590	242,590
At 31 March 2018	145,000	2,285,890	2,430,890
Depreciation			
At 1 April 2016	4,800	390,254	395,054
Charge for year	2,400	636,113	638,513
At 31 March 2017	7,200	1,026,367	1,033,567
At 1 April 2017	7,200	1,026,367	1,033,567
Charge for the year	2,400	294,912	297,312
At 31 March 2018	9,600	1,321,279	1,330,879
Carrying amount			
At 31 March 2018	135,400	964,611	1,100,011
At 31 March 2017	137,800	1,016,933	1,154,733

The charges in the year of £297,312 (2017: £338,936) for depreciation and £nil (2017: £299,577) for impairment were recognised within administrative expenses. Impairment represents the write down of Fixtures, Fittings and Equipment to current economic value following an asset impairment exercise in advance of the Head Office move from Wakefield.

14 Trade and other receivables

	2018 £	2017 £
Trade receivables	14,492,964	15,422,600
Provision for impairment of trade receivables	(354,142)	(212,113)
Net trade receivables	14,138,822	15,210,487
VAT	18,078	5,932
Prepayments	2,327,062	1,758,049
Other receivables	2,377,735	1,805,675
Total current trade and other receivables	18,861,697	18,780,143

Customer receivables comprise interest-bearing secured pawnbroking receivables. An impairment review has been undertaken at the balance sheet date to assess whether the carrying amount of financial assets is deemed recoverable. A provision for impairment is made when there is objective evidence of impairment which is usually indicated by a delay in the expected cash flows or non-payment from customers. Management consider the fair value of receivables to be equal to their carrying amount.

15 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	8,803,214	7,609,346

16 Trade and other payables

	2018 £	2017 £
Trade payables	1,237,708	437,805
Accrued expenses	297,157	1,254,493
	1,534,865	1,692,298

17 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2
Preference shares of £0.01 each	281	3	-	-
	283	5	2	2

New shares allotted

During the prior year 281 preference shares having an aggregate nominal value of £3 were allotted for an aggregate consideration of £222,490 and classified as liabilities in line with the Company's Articles. The shares carry no voting rights and were reclassified from liabilities following a change to the Company's Articles to classify the shares as equity at a total value of £791.78 per share, see note 25.

18 Contingent liabilities

Guarantees

From 30 October 2015 the Company's funding has been provided without any guarantees being given over the borrowings of other group companies used in turn to provide funding to the Company. Prior to 30 October 2015, the funding provided to the Company from its immediate parent company Ag47 Limited was part of a guarantee structure which has since been discharged with the change in ownership of this Company and its parent companies Ag 47 Limited and Au 79 Limted.

19 Ultimate controlling party

The intermediate UK parent company is Ag47 Limited. The ultimate UK parent is Au79 Limited. The ultimate controlling party of the Group is Daikokuya Holdings Co Ltd, a company listed on the Tokyo Stock Exchange.

As at 31 March 2018 the largest group in which the results of the company are consolidated is that of which Daikokuya Holdings Co Ltd is the parent company. The smallest such group is that of which Au79 Limited is the parent company.

20 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2018 £	2017 £
Within one year	3,105,645	2,981,218
In two to five years	5,724,062	6,508,348
In over five years	1,327,834	1,686,181
	10,157,541	11,175,747

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,869,735 (2017 - £3,743,735)

21 Auditors' remuneration

	2018 £	2017 £
Fees payable to company's auditors for the audit of entity and consolidated financial statements	40,000	92,500
Other fees to auditors		
Quarterly review	14,760	34,783
Other support services	-	30,517
	14,760	65,300

22 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	(As restated) 2017 £
Pawn Broking	12,468,001	13,014,025
Retail	7,714,695	9,928,303
Gold Buying	11,407,990	12,451,524
Other	2,366,332	2,600,591
	33,957,018	37,994,443

Gold buying revenue reflects income received from the scrapping of jewellery items purchased directly from consumers. The net gain or loss on the scrapping of forfeited pledge security items is recognised in administrative expenses.

23 Amounts owed by fellow group undertakings

	2018 £	2017 £
Chantry Collections Limited	-	1,341,923
Au79 Limited	1,127,765	1,127,765
Ag47 Limited	844,051	542,006
	1,971,816	3,011,694

These balances are not interest bearing, are unsecured and have no repayment date specified. Due to the short maturities of these instruments, the Directors consider fair value to be materially consistent with carrying value.

24 Amounts owed to fellow group undertakings

	2018 £	2017 £
Ag47 Limited	25,080,459	25,080,459
Daikokuya Global Holding Co., Ltd	1,432,201	-
	26,512,660	25,080,459

The balance with Ag47 Limited and the trading balance with Daikokuya Global Holding Co., Ltd of £432,201 (2017 - £nil) are not interest bearing, are unsecured and have no repayment date specified.

Daikokuya Global Holding Co., Ltd granted a loan of £1,000,000 to Speedloan Finance Limited on 16 February 2018 for a term of 3 months. Interest is charged on this balance by Daikokuya Global Holding Co., Ltd.

Due to the short maturities of these instruments, the Directors consider fair value to be materially consistent with carrying value.

25 Amounts owed to preference shareholders

	2018 £	2017 £
Daikokuya Global Holdings Co. Ltd	-	(222,490)

On 31 May 2016 the Company issued 650 redeemable preference shares of £791.78 inclusive of premium to Daikokuya Global Holding Co. Ltd. The shares pay/accrue an annual dividend of 5%. On 14 December 2016 the Company redeemed 369 of these shares leaving 281 shares in issue at 31 March 2017. Having assessed the terms of the preference shares, particularly the ability of the holder to demand repayment at any time of the paid up amount plus any unpaid interest, the Directors concluded it appropriate to present the instruments as a liability in the financial statements. On 22 February 2018, the Articles of Association of the Company were amended to change the characteristics of the preference shares issued by the Company. Following this amendment, the preference shares have been reclassified as equity instruments. This change increases the Company's net assets and equity by £222,490 from the date of the amendment. If the preference shares had been classified as equity rather than debt at 31 March 2017, the net liabilities of the Company would decrease to £154,081.

26 Related party transactions

	2018 £	2017 £
Daikokuya KK	-	335,172
Total amounts paid/(received) to/(from) related parties	-	335,172

Refer to notes 10, 23, and 24 for amounts owed to/from and transactions in the year with group undertakings.

27 Prior year adjustment

The directors consider the gain or loss of accrued interest in relation to pawnbroking income to be a component of the underlying revenue, rather than an overhead expense of the company. In the year ended 31 March 2017, an amount of £866,644 in respect of the loss of accrued interest was included within administrative expenses, when it should have been disclosed within revenue.

As such, a prior year adjustment for the year ended 31 March 2017 has been made to remove this amount from administrative expenses and restate it within revenue, in line with the form of the underlying transactions and the treatment of the loss in the year ended 31 March 2018.

Speedloan Finance Limited

Detailed Income Statement for the Year Ended 31 March 2018

	2018 £	(As restated) 2017 £
Revenue	33,957,018	37,994,443
Cost of sales	(15,772,789)	(17,183,232)
Gross profit	18,184,229	20,811,211
Administrative expenses	(18,780,911)	(21,064,625)
Operating loss	(596,682)	(253,414)
Exceptional items	(1,341,923)	-
Finance costs	(1,412,299)	(1,647,766)
Loss before tax	(3,350,904)	(1,901,180)

This page does not form part of the statutory financial statements.

Speedloan Finance Limited

Detailed Income Statement for the Year Ended 31 March 2018

	2018 £	(As restated) 2017 £
Revenue		
Pawnbroking income	13,508,542	13,880,669
Gain/(loss) of accrued interest	(1,040,541)	(866,644)
Retail sales	7,714,695	9,928,303
Gold purchases income	11,407,990	12,451,524
TP Cheque cashing net income	415,486	739,312
Western Union fees	251,967	412,870
Foreign exchange income	1,572,120	1,481,614
Other income	126,759	(33,205)
	33,957,018	37,994,443
Cost of sales		
Retail COS	4,879,947	6,809,569
Gold Purchases COS	10,892,842	9,655,742
Scrapping & Y/e Adjustments	-	717,921
	15,772,789	17,183,232
Administrative expenses		
Wages and salaries	7,265,737	8,571,993
Staff NIC (Employers)	668,005	750,922
Directors' remuneration	438,706	411,994
Staff pensions (Defined contribution)	203,972	250,080
Casual wages	36,099	404,768
Staff training and recruitment	47,101	172,147
Staff welfare	76,593	93,275
Rent and rates	4,127,428	4,087,191
Rates	1,525,313	1,528,210
Light, heat and power	351,181	322,245
Insurance	351,893	339,753
Repairs and maintenance	291,954	616,711
Telephone and fax	223,422	180,014
Transitional costs	940,099	1,075,368
Computer software and	910,294	453,328
Printing, postage and stationery	193,094	322,617
Sundry expenses	(708)	(234,158)
Security	145,397	198,723
Sundry Establishment Costs	41,139	61,809
Health & Safety	65,252	42,075
Motor expenses	20,173	102,088
Travel and subsistence	200,876	188,699
Advertising	66,734	93,098
Audit fees - quarterly review	14,760	34,783
Audit fees - other support services	-	30,517
Conference & Exec Meetings	7,206	-
Accountancy fees	40,000	92,500
Legal and professional fees	353,536	418,495
Bad debts written off	66,059	52,102
Bank charges	154,478	145,054
Cash delivery charges	247,595	239,360

This page does not form part of the statutory financial statements.

Speedloan Finance Limited

Detailed Income Statement for the Year Ended 31 March 2018

	2018 £	(As restated) 2017 £
Amortisation of software	62,193	54,441
Depreciation of freehold property	2,400	2,400
Depreciation of fixtures and fittings (owned)	294,912	636,113
Periodic adjustments	(651,982)	(674,090)
	18,780,911	21,064,625
Operating loss	(596,682)	(253,414)
Exceptional items		
Other exceptional item	(1,341,923)	-
Finance costs		
Bank interest payable	1,382,567	1,627,707
Other interest payable	29,732	20,059
	1,412,299	1,647,766
Net finance cost	(2,754,222)	(1,647,766)
Loss before tax	(3,350,904)	(1,901,180)

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