

**IPF DEVELOPMENT (2003) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**(Company Number 5001318)**

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**IPF DEVELOPMENT (2003) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**(Company Number 5001318)**

**IPF DEVELOPMENT (2003) LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

**1. Principal activities and review of business**

The principal activity of the company is the provision of business know-how and financial support to a fellow subsidiary undertaking based overseas

Due to the company's year end position, the ultimate parent undertaking, International Personal Finance plc has confirmed its continued support to the company. The directors of the company expect the company's position to improve as the overseas operation becomes established. In the opinion of the directors, the company's year end financial position was satisfactory.

**2. Results**

The profit and loss account for the year is set out on page 5. The retained profit for the year of £1,484,497 (2009: £100,447) has been added to reserves.

**3. a) Principal risks and uncertainties**

The directors of International Personal Finance plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of International Personal Finance plc, which include those of the company, are reported within the 'principal risks' section of the group's annual report, which does not form part of this report, but is publicly available.

**b) Key performance indicators (KPIs)**

Given the straightforward nature of the business, 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.

**4. Dividend**

The directors do not recommend the payment of a dividend (2009: nil).

**5. Directors**

The directors of the company at 31 December 2010 and at the date of this report, all of whom were directors for the whole of the year then ended unless stated otherwise, were:

D E S Broadbent

J N Dahlgreen

R S Heels

(Resigned 2 February 2010)

R J Marshall Smith

(Appointed 2 February 2010)

F W Forfar

(Appointed 2 February 2010)

**IPF DEVELOPMENT (2003) LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)**

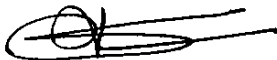
**6. Disclosure of information to auditors**

In so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he 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 auditors are aware of that information.

**7. Auditors**

The company is currently engaged in a tender process for the external audit with the result expected in late March 2011. A resolution to appoint the relevant firm will be proposed at the company's Annual General Meeting.

BY ORDER OF THE BOARD



S Tudor-Coulson  
Company Secretary

LEEDS

25 February 2011

**IPF DEVELOPMENT (2003) LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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.

BY ORDER OF THE BOARD



S Tudor-Coulson  
Company Secretary

LEEDS

25 February 2011

**IPF DEVELOPMENT (2003) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**IPF DEVELOPMENT (2003) LIMITED**

We have audited the financial statements of IPF Development (2003) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Retained Losses, 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 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.

**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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


**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.

**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.

  
Gary Shaw (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
25 February 2011

**IPF DEVELOPMENT (2003) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
Turnover		5,544,775	4,202,252
Cost of sales		-	-
		<hr/>	<hr/>
GROSS PROFIT		5,544,775	4,202,252
Administrative expenses		(3,537,907)	(3,640,769)
		<hr/>	<hr/>
OPERATING PROFIT		2,006,868	561,483
Interest receivable	3	-	41
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,006,868	561,524
Tax charge on profit on ordinary activities	6	(522,371)	(461,077)
		<hr/>	<hr/>
PROFIT FOR THE YEAR	11	1,484,497	100,447
		<hr/>	<hr/>

**STATEMENT OF RETAINED LOSSES**

	<u>2010</u> £	<u>2009</u> £
RETAINED LOSS AT 1 JANUARY	(29,132,560)	(29,233,007)
Profit for the year	1,484,497	100,447
	<hr/>	<hr/>
RETAINED LOSS AT 31 DECEMBER	(27,648,063)	(29,132,560)
	<hr/>	<hr/>

The results shown in the profit and loss account derive wholly from continuing activities

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents

The notes on pages 7 to 10 form part of these financial statements

**IPF DEVELOPMENT (2003) LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2010**

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
<b>FIXED ASSETS</b>			
Intangible fixed assets	7	14,625	19,125
		<u>14,625</u>	<u>19,125</u>
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	8	535,456	3,244,190
Cash at bank and in hand		423,410	1
		<u>958,866</u>	<u>3,244,191</u>
<b>CREDITORS amounts falling due within one year</b>	9	(28,571,554)	(32,345,876)
<b>NET CURRENT LIABILITIES</b>		<u>(27,612,688)</u>	<u>(29,101,685)</u>
<b>NET LIABILITIES</b>		<u>(27,598,063)</u>	<u>(29,082,560)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	50,000	50,000
Profit and loss account		(27,648,063)	(29,132,560)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	11	<u>(27,598,063)</u>	<u>(29,082,560)</u>

These financial statements on pages 5 to 10 were approved by the board of directors on 25 February 2011 and were signed on its behalf by

D E S Broadbent



(Directors)

J N Dahlgreen





## **IPF DEVELOPMENT (2003) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

#### **1. Principal accounting policies**

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and with applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on the going concern basis as the company's ultimate parent undertaking has confirmed its continued support to the company. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2010 which have been applied on a consistent basis, are set out below.

##### **a) Turnover**

Turnover represents royalty income received in respect of the provision of business know-how and financial support.

##### **b) Administrative expenses**

Administrative expenses represent costs incurred in providing support in implementing and running the international home credit operations.

##### **c) Cash flow statement**

As permitted by Financial Reporting Standard No 1 (Revised 1996), no cash flow statement is presented as the company is a wholly owned subsidiary undertaking of International Personal Finance plc and is included in the consolidated financial statements of International Personal Finance plc which are publicly available.

##### **d) Foreign exchange**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent hedged. Resultant gains or losses are taken to the profit and loss account.

##### **e) Intangible assets**

Intangible fixed assets are valued at cost less amortisation. Amortisation is charged over the expected useful life of the asset. Impairment reviews are performed in accordance with FRS 10 – intangible assets.

#### **2. Profit on ordinary activities before taxation**

The profit on ordinary activities before taxation is stated after charging/(crediting)

	<u>2010</u>	<u>2009</u>
	£	£
Auditors' remuneration		
Audit services	963	1,000
Amortisation of intangible asset	4,500	4,500
Foreign exchange (gains)/losses	(50,781)	123,523
	<hr/>	<hr/>

**IPF DEVELOPMENT (2003) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**  
**(CONTINUED)**

**3. Interest receivable**

	<u>2010</u>	<u>2009</u>
	£	£
Interest receivable - external	-	41

**4. Directors' emoluments**

None of the directors received any emoluments in respect of their services to the company during the year (2009 none)

Retirement benefits accrued to four directors under a defined benefit scheme during the year (2009 four)

**5. Employee information**

The average number of persons employed by the company, excluding executive directors, during the year was nil (2009 nil) All employee and related costs were borne by the company's parent undertaking or fellow subsidiary undertakings

**6. Tax on profit on ordinary activities**

**(a) Analysis of tax (charge) for the year**

	<u>2010</u>	<u>2009</u>
	£	£
Current tax		
UK corporation tax (charge) on profit for the year	(563,184)	(40,824)
Adjustment in respect of prior years	40,813	(28)
Overseas tax	(554,478)	(420,225)
Double tax relief	554,478	-
Total current tax (charge) (note 6(b))	<u>(522,371)</u>	<u>(461,077)</u>

**(b) Factors affecting tax (charge) for the year**

The tax (charge) for the year differs from the standard rate of corporation tax in the UK as explained below

	<u>2010</u>	<u>2009</u>
	£	£
Profit on ordinary activities before taxation	2,006,868	561,524
Expected tax (charge) calculated at the standard rate of corporation tax in the UK of 28% (2009 28%)	<u>(561,923)</u>	<u>(157,227)</u>
Effects of:		
Expenses not deductible for tax purposes	(1,261)	(1,260)
Adjustment in respect of prior years	40,813	(28)
Overseas tax, net of Double Tax Relief	-	(302,562)
Current tax (charge) for the year (note 6(a))	<u>(522,371)</u>	<u>(461,077)</u>

**(c) Factors that may affect future tax charges**

Future tax charges or credits are likely to be in line with the standard rate of corporation tax in the UK which is reducing to 27% (currently 28%) with effect from 1 April 2011

**IPF DEVELOPMENT (2003) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**  
**(CONTINUED)**

**7. Intangible fixed assets**

	<u>Software licences</u>	<u>Know-how</u>	<u>Total</u>
	£	£	£
Cost at 1 January 2010 and 31 December 2010	2,153,000	45,000	2,198,000
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 January 2010	2,153,000	25,875	2,178,875
Charge for year	-	4,500	4,500
	<hr/>	<hr/>	<hr/>
At 31 December 2010	2,153,000	30,375	2,183,375
	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 December 2010</b>	<b>-</b>	<b>14,625</b>	<b>14,625</b>
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2009	-	19,125	19,125
	<hr/>	<hr/>	<hr/>

**8. Debtors**

Amounts falling due within one year:	<u>2010</u>	<u>2009</u>
	£	£
Amounts owed by other group undertakings	535,456	3,244,190
	<hr/>	<hr/>

Amounts owed by other group undertakings are unsecured and have been settled in full subsequent to year end  
 No interest is charged on amounts owed by other group undertakings

**9. Creditors**

Amounts falling due within one year:	<u>2010</u>	<u>2009</u>
	£	£
Amounts owed to ultimate parent undertaking	28,561,884	32,211,522
Amounts owed to other group undertakings	-	40,852
Accruals and deferred income	963	93,502
Corporation tax payable	8,707	-
	<hr/>	<hr/>
	28,571,554	32,345,876
	<hr/>	<hr/>

Amounts owed to the company's ultimate parent undertaking and other group undertakings are unsecured and have no fixed date of repayment No interest is paid on amounts owed to the ultimate parent undertaking or other group undertakings

**IPF DEVELOPMENT (2003) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**  
**(CONTINUED)**

**10. Called-up share capital**

	<u>2010</u> £	<u>2009</u> £
<b>Authorised</b>		
50,000 ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>
<b>Allotted, called-up and fully paid</b>		
50,000 ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>

**11. Reconciliation of movements in shareholders' deficit**

	<u>2010</u> £	<u>2009</u> £
Opening shareholders' deficit	(29,082,560)	(29,183,007)
Profit for the year	1,484,497	100,447
	<hr/>	<hr/>
Total shareholders' deficit	(27,598,063)	(29,082,560)
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**12. Related party disclosure**

As a wholly owned subsidiary, the company has taken advantage of the exemption in FRS 8 "Related Party Transactions" from disclosing related party transactions with other entities included in the consolidated accounts of International Personal Finance plc

**13. Parent undertakings**

The immediate parent undertaking is International Personal Finance Investments Limited

The ultimate parent undertaking and controlling party is International Personal Finance plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of that company's consolidated financial statements can be obtained from the Company Secretary, International Personal Finance plc, Number Three Leeds City Office Park, Meadow Lane, Leeds LS11 5BD