

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
FOR
ELEVATE CREDIT INTERNATIONAL LTD**

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FOR THE YEAR ENDED 31 DECEMBER 2015**

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ELEVATE CREDIT INTERNATIONAL LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS:

Mr K E Rees
Mr C T Lutes
Mr J-P Savant

SECRETARY:

Mr R C Peterson

REGISTERED OFFICE:

27-28 Eastcastle Street
London
London
W1W 8DH

REGISTERED NUMBER:

05041905 (England and Wales)

AUDITORS:

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

ELEVATE CREDIT INTERNATIONAL LTD

**OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2015**

STRATEGIC REPORT

The company made a loss before tax of £6,165,868 (2014: loss of £12,249,139). The loss incurred was due to continued significant investment associated with developing the current and future short-term loan products of the business. The company has invested heavily in people and its IT infrastructure to ensure that it is able to grow the business and to continue to attract customers through its convenient, user-friendly on-line application process.

The directors' continue to benefit from the financial support of its parent company. Accordingly, the directors continue to adopt a going concern basis in preparing the financial statements.

PRINCIPAL ACTIVITY

The principal activity of Elevate Credit International Ltd ('Company' or 'Elevate Credit') in the year under review was that of providing short-term loans to individuals, via the internet. The company traded during the year under a product; Sunny.co.uk, which was introduced to the market in June 2013.

REVIEW OF BUSINESS

Elevate Credit offers a number of solutions to the millions of consumers under-served by traditional financial institutions and are leveraging new technologies to develop innovative products that will address a range of customer needs.

Elevate Credit is committed to simplicity, transparency, fairness, consumer empowerment and responsible lending in an effort to bring a more progressive approach to an old-line industry. Elevate Credit is also seeking to move from the traditional approach of most of today's financial services firms to a relationship-driven view that rewards customer loyalty.

The directors' continue to benefit from the financial support of its parent company. The Parent company converted its entire debt into equity with an additional equity infusion (Total: £37,625,000) during 2015 to support the UK business. Accordingly, the directors continue to adopt a going concern basis in preparing the financial statements.

KEY PERFORMANCE INDICATORS

The Company uses key performance indicators to ensure it has the ability to grow the business successfully in the long term. Specifically, the company utilizes performance indicators such as Gross and Operating profit, Default Rate, Cost per Acquired Loan, Customer Loan Volumes, Average Loan Balance, Average Outstanding, among other standard metrics used industry-wide.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2015 (2014: £nil)

The Strategic report was approved by the board on 6/28/16 and signed on its behalf by:

ON BEHALF OF THE BOARD:


.....
Mr C T Lutes - Director

Date: 6-28-16

ELEVATE CREDIT INTERNATIONAL LTD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

Mr K E Rees
Mr C T Lutes
Mr J-P Savant

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible 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 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.

SCOPE OF AN AUDIT OF FINANCIAL STATEMENTS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Grant Thornton UK LLP, proposed for re-appointment by the company management.

ON BEHALF OF THE BOARD:


.....
Mr C T Lutes - Director

Date: 6-28-16

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEVATE CREDIT INTERNATIONAL LTD

We have audited the financial statements of Elevate Credit International Limited for the Year ended 31 December 2015 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and the related notes on pages 7 to 19. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement 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. 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and 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.



Paul Flatley

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

30 June 2016

ELEVATE CREDIT INTERNATIONAL LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
TURNOVER		52,628,529	40,911,782
Cost of Sales		<u>20,447,450</u>	<u>16,729,271</u>
GROSS PROFIT		32,181,079	24,182,511
Administrative expenses		<u>34,059,069</u>	<u>30,420,274</u>
Other operating income		(1,877,990) <u>929</u>	(6,237,763) <u>1,356</u>
OPERATING LOSS	3	(1,877,061)	(6,236,407)
Interest receivable and similar income		<u>4,506</u>	<u>754</u>
		(1,872,555)	(6,235,653)
Interest payable and similar charges	4	<u>4,293,313</u>	<u>6,013,486</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,165,868)	(12,249,139)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(6,165,868)</u>	<u>(12,249,139)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>(6,165,868)</u>	<u>(12,249,139)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous year.

ELEVATE CREDIT INTERNATIONAL LTD

**BALANCE SHEET
31 DECEMBER 2015**

	Notes	2015 £	2014 £
FIXED ASSETS			
Intangible assets	6	1,107,799	701,897
Tangible assets	7	<u>674,625</u>	<u>989,129</u>
		1,782,424	1,691,026
CURRENT ASSETS			
Debtors	8	23,793,677	14,996,118
Cash at bank		<u>6,603,919</u>	<u>9,589,208</u>
		30,397,596	24,585,326
CREDITORS			
Amounts falling due within one year	9	<u>6,001,938</u>	<u>40,945,998</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>24,395,658</u>	<u>(16,360,672)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,178,082	(14,669,646)
CREDITORS			
Amounts falling due after more than one year	10	<u>28,977,276</u>	<u>19,588,680</u>
NET LIABILITIES		<u>(2,799,194)</u>	<u>(34,258,326)</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,250	1,000
Capital reserve	16	37,723,750	100,000
Profit and loss account	16	<u>(40,525,194)</u>	<u>(34,359,326)</u>
SHAREHOLDERS' FUNDS	19	<u>(2,799,194)</u>	<u>(34,258,326)</u>

The financial statements were approved by the Board of Directors on 6/28/2016 and were signed on its behalf by:


.....
Mr C T Lutes - Director

ELEVATE CREDIT INTERNATIONAL LTD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015	2014
		£	£
Net cash outflow from operating activities	1	(9,156,208)	(15,363,441)
Returns on investments and servicing of finance	2	(4,175,003)	(5,722,619)
Capital expenditure	2	<u>(1,126,316)</u>	<u>(955,921)</u>
		(14,457,527)	(22,041,981)
Financing	2	<u>11,472,239</u>	<u>29,075,862</u>
(Decrease)/increase in cash in the period		<u>(2,985,289)</u>	<u>7,033,881</u>

Reconciliation of net cash flow to movement in net debt	Notes	2015	2014
		£	£
(Decrease)/increase in cash in the period		(2,985,289)	7,033,881
Cash (inflow) from (increase) in debt		<u>(10,720,700)</u>	<u>(29,075,862)</u>
Change in net debt resulting from cash flows		(13,705,989)	(22,041,981)
Other non-cash changes		<u>36,759,658</u>	<u>(290,114)</u>
Movement in net debt in the period		23,053,669	(22,332,095)
Net debt at 1 January		<u>(47,864,726)</u>	<u>(25,532,631)</u>
Net debt at 31 December		<u>(24,811,057)</u>	<u>(47,864,726)</u>

ELEVATE CREDIT INTERNATIONAL LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called-up share capital	Capital Reserve account	Profit and loss account	Total
	£	£	£	£
At 1 January 2014	1,000	100,000	(22,110,187)	(2,010,186)
Profit and total comprehensive income for the year	-	-	(12,249,139)	(12,249,139)
Issue of shares	-	-	-	-
Dividends paid	-	-	-	-
At 31 December 2014	1,000	100,000	(34,359,326)	(34,258,326)
Profit and total comprehensive income for the year	-	-	(6,165,868)	(6,165,868)
Issue of shares	1,250	37,623,750	-	37,625,000
Dividends paid	-	-	-	-
At 31 December 2015	2,250	37,723,750	(40,525,194)	(2,799,194)

ELEVATE CREDIT INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 20 for an explanation of the transition.

The financial statements are presented in Sterling (£).

Turnover

Turnover comprises of revenue recognised by the company in respect of goods and services supplied, exclusive of value added tax and trade discounts. Turnover on Sunny.co.uk is recognised on an accrued daily interest basis. Turnover on Quid.co.uk is recognised on receipt of payment and company ceased to recognise income for Quid.co.uk in 2015. In the case of part repayment, interest and fees are deemed to have been paid first and capital repaid once after interest is fully recouped.

Turnover is 100% generated in the UK.

Intangible fixed assets

Intangible assets are maintained at costs less accumulated amortisation and any accompanied impairment losses. Development costs are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the entity. These costs are calculated on the basis of total hours spent by individual staff members on the internal database development of the new product.

The estimated useful life of this product has been set at 3 years, so the development costs are to be written off using the straight line basis method over this time period.

Tangible fixed assets

Tangible assets are measured at cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	- over duration of the lease
Software costs	- 33% straight line
Fixtures & fittings	- 20% straight line
Motor vehicle	- 25% reducing balance
Office equipment	- 33% straight line

Trade Debtors

Debtors are measured at cost less impairment in respect of the company's short term loan products.

Significant judgement & key areas of estimation uncertainty

The company maintains the provision of impairment of trade debtors is a significant judgement that management has made in preparation of the financial statements. Management estimates are based on number of factors including: number of days the debt has passed due and payment history associated with various past due balances and judgement is based on statistical data analysis and considered prudent by the management.

Deferred tax

A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the timing difference can be deducted.

A potential deferred tax asset arising from accumulated loss for the current year £7,300,000 (2014: £7,300,000) has not been recognised as the directors have concluded on the basis of reasonable assumptions, that it is unlikely that the asset will be realised in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Going concern

The company continues to benefit from the financial support of its parent company. Accordingly, the directors continue to adopt a going concern basis in preparing the financial statements.

ELEVATE CREDIT INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. STAFF COSTS

	2015	2014
	£	£
Wages and salaries	6,056,791	3,850,220
Social security costs	777,571	521,151
Other pension costs	204,191	117,877
	<u>7,038,553</u>	<u>4,489,248</u>

The average monthly number of employees during the year was as follows:

2015	2014
<u>120</u>	<u>93</u>

Key Management Personnel

	2015	2014
	£	£
Directors' remuneration	<u>460,349</u>	<u>395,202</u>

Information regarding the highest paid director is as follows:

	2015	2014
	£	£
Emoluments etc.	<u>460,349</u>	<u>395,202</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	2015	2014
	£	£
Hire of plant and machinery	12,445	25,753
Other operating leases	724,439	678,968
Depreciation - owned assets	610,309	660,402
Development costs amortisation	386,431	145,690
Auditors' remuneration	51,629	36,000
Foreign exchange differences	<u>1,513,681</u>	<u>377,361</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable	44,856	5,451,360
VPC Interest Costs	<u>4,248,457</u>	<u>562,126</u>
	<u>4,293,313</u>	<u>6,013,486</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 nor for the year ended 31 December 2014.

ELEVATE CREDIT INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	<u>(5,667,619)</u>	<u>(11,951,575)</u>
Loss on ordinary activities Multiplied by the standard rate of corporation tax in the UK of 18% (2014 - 21.500%)	(1,020,171)	(2,569,589)
Effects of:		
Expenses not deductible for tax purposes	59,195	42,105
Income not taxable for tax purposes	(4,506)	(754)
Depreciation in excess of capital allowances	180,221	104,791
Short Term Timing Difference	(13,157)	20,794
Tax Loss Carried Forward	<u>798,329</u>	<u>2,402,653</u>
Current tax charge	<u>-</u>	<u>-</u>

6. INTANGIBLE FIXED ASSETS

	Development costs £
COST	
At 1 January 2015	1,005,840
Additions	<u>792,333</u>
At 31 December 2015	<u>1,798,173</u>
AMORTISATION	
At 1 January 2015	303,943
Amortisation for year	<u>386,431</u>
At 31 December 2015	<u>690,374</u>
NET BOOK VALUE	
At 31 December 2015	<u>1,107,799</u>
At 31 December 2014	<u>701,897</u>

ELEVATE CREDIT INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Software costs £	Fixtures & fittings £
COST			
At 1 January 2015	189,834	1,089,099	169,814
Additions	-	73,126	130,940
Disposals	(29,378)	-	-
At 31 December 2015	<u>160,456</u>	<u>1,162,225</u>	<u>300,754</u>
DEPRECIATION			
At 1 January 2015	162,505	514,824	106,806
Charge for year	10,281	366,743	63,350
Disposals	(23,016)	-	-
At 31 December 2015	<u>149,770</u>	<u>881,567</u>	<u>170,156</u>
NET BOOK VALUE			
At 31 December 2015	<u>10,686</u>	<u>280,658</u>	<u>130,598</u>
At 31 December 2014	<u>27,329</u>	<u>574,275</u>	<u>63,008</u>

	Motor Vehicle £	Office Equipment £	Totals £
COST			
At 1 January 2015	10,300	891,635	2,350,682
Additions	-	131,417	335,483
Disposals	(10,300)	-	(39,678)
At 31 December 2015	<u>-</u>	<u>1,023,052</u>	<u>2,646,487</u>
DEPRECIATION			
At 1 January 2015	10,300	567,118	1,361,553
Charge for year	-	227,451	667,825
Disposals	(10,300)	(-24,200)	(57,516)
At 31 December 2015	<u>-</u>	<u>770,369</u>	<u>1,971,862</u>
NET BOOK VALUE			
At 31 December 2015	<u>-</u>	<u>252,683</u>	<u>674,625</u>
At 31 December 2014	<u>-</u>	<u>324,517</u>	<u>989,129</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	22,355,402	14,251,003
Other debtors	231,958	230,089
Prepayments	1,026,615	380,724
Security Deposit	<u>179,702</u>	<u>134,302</u>
	<u>23,793,677</u>	<u>14,996,118</u>

ELEVATE CREDIT INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Other loans (see note 11)	2,437,700	37,865,254
Trade creditors	815,884	551,692
Social security & other taxes	463,680	301,368
Other creditors	320,997	215,304
Accrued expenses	<u>1,963,677</u>	<u>2,012,380</u>
	<u><u>6,001,938</u></u>	<u><u>40,945,998</u></u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015	2014
	£	£
Debentures (see note 11)	<u><u>28,977,276</u></u>	<u><u>19,588,680</u></u>

11. LOANS

An analysis of the maturity of loans is given below:

	2015	2014
	£	£
Amounts falling due within one year or on demand: Secured group loan – Elevate Credit Inc.	<u><u>2,437,700</u></u>	<u><u>37,865,254</u></u>
Amounts falling due between two and five years: Debentures - 2-5 years	<u><u>28,977,276</u></u>	<u><u>19,588,680</u></u>

12. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2015	2014	2015	2014
	£	£	£	£
Expiring:				
Within one year	846,371	581,288	-	73,873
Between one and five years	<u>121,689</u>	<u>97,351</u>	<u>-</u>	<u>-</u>
	<u><u>968,060</u></u>	<u><u>678,639</u></u>	<u><u>-</u></u>	<u><u>73,873</u></u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	2015	2014
	£	£
Secured Group Loan - Capital	-	37,850,101
Secured Group Loan - Interest	<u>-</u>	<u>15,153</u>
	<u><u>-</u></u>	<u><u>37,865,254</u></u>

ELEVATE CREDIT INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2015

14. DEBENTURES-VICTORY PARK MANAGEMENT (VPC)

In 2014 Elevate Credit International Ltd sourced an additional borrowing facility from Victory Park Management LLC (VPC) in form of debentures secured by a first fixed & floating charge over all the undertaking and all property assets & rights of the borrower. The ultimate parent company Elevate Credit Inc. is a guarantor for this additional borrowing facility.

The Company has a \$50.0Mn USD loan facility, of which \$42.3Mn USD was drawn down at the year end. Interest is payable at 16% above LIBOR and the principal is payable by 30 January 2018.

Below is the breakdown of borrowings by Elevate Credit International Ltd (UK entity) from VPC as at 31 December 2015.

VPC Loan Note (Principal) - £28,573,359 (2014- 19,313,719)

VPC Loan Note (Interest) - £403,918 (2014-£562,126)

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Class:	Nominal Value:	2015 £	2014 £
Ordinary Shares	£1.00	<u>2,250</u>	<u>1,000</u>

ORDINARY SHARES

	2015
Shares at 1 January 2015	1,000
Shares Issued	<u>1,250</u>
Shares at 31 December 2015	<u>2,250</u>

16. RESERVES

	Profit and loss account £	Capital & Reserve £	Share Premium Account £	Totals £
At 1 January 2015	-34,359,326	100,000	-	-34,259,326
Deficit for the year	-6,165,868	-	-	-6,165,868
Cash share issue	-	<u>1,250</u>	<u>37,623,750</u>	<u>37,625,000</u>
At 31 December 2015	<u>-40,525,194</u>	<u>100,000</u>	<u>37,623,750</u>	<u>-2,800,194</u>

17. ULTIMATE PARENT COMPANY

Elevate Credit Inc., 4150 International Plaza, Suite 400, Fort Worth, Texas 76109 (incorporated in United States of America) is regarded by the directors as being the company's ultimate parent company.

18. RELATED PARTY DISCLOSURES

At the year ended 31 December 2015, Elevate Credit International Limited owed its parent company Elevate Credit Inc. in respect of rechargeable expenses £2,437,700 (2014: £976,639). During the year the company received an equity infusion (£37,625,000) by swapping the parent company debt into equity.

ELEVATE CREDIT INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015	2014
	£	£
Loss for the financial year	<u>(6,165,868)</u>	<u>(12,249,139)</u>
Net reduction of shareholders' funds	(6,165,868)	(12,249,139)
Opening shareholders' funds	(34,258,326)	(22,009,187)
New Share issue	<u>37,625,000</u>	<u>-</u>
Closing shareholders' funds	<u><u>(2,799,194)</u></u>	<u><u>(34,258,326)</u></u>

20. TRANSITION TO FRS102

These are the first financial statements that comply with FRS102. No transition adjustments were required.

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating loss	(1,877,061)	(6,236,407)
Loss on Disposal of FA	4,016	-
Depreciation Charges	642,134	660,403
Amortisation Charges	388,768	145,690
Increase in debtors	(8,797,560)	(9,740,989)
Increase/(decrease) in creditors	<u>483,495</u>	<u>(192,138)</u>
Net cash outflow from operating activities	<u><u>(9,156,208)</u></u>	<u><u>(15,363,441)</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	4,506	754
Interest paid	<u>(4,179,509)</u>	<u>(5,723,373)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(4,175,003)</u></u>	<u><u>(5,722,619)</u></u>
Capital expenditure		
Purchase of intangible fixed assets	(792,333)	(731,633)
Purchase of tangible fixed assets	(335,483)	(224,288)
Sale of tangible fixed assets	<u>1,500</u>	<u>-</u>
Net cash outflow for capital expenditure	<u><u>(1,126,316)</u></u>	<u><u>(955,921)</u></u>
Financing		
New Share issue	751,539	-
New loans in year	<u>10,720,700</u>	<u>29,075,862</u>
Net cash inflow from financing	<u><u>11,472,239</u></u>	<u><u>29,075,862</u></u>

ELEVATE CREDIT INTERNATIONAL LTD
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.15 £	Cash flow £	At 31.12.15 £
Net cash:			
Cash at bank and in hand	<u>9,589,208</u>	<u>(2,985,289)</u>	<u>6,603,919</u>
	<u>9,589,208</u>	<u>(2,985,289)</u>	<u>6,603,919</u>
Debt:			
Debts falling due			
Within one year	(37,865,254)	35,427,554	(2,437,700)
Debts falling due			
after one year	<u>(19,588,680)</u>	<u>(9,388,596)</u>	<u>(28,977,276)</u>
	<u>(57,453,934)</u>	<u>26,038,958</u>	<u>(31,414,976)</u>
Total	<u>(47,864,726)</u>	<u>23,053,669</u>	<u>(24,811,057)</u>