

Inventive Finance Limited

Report and Financial Statements

30 June 2012

THURSDAY



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COMPANIES HOUSE

Inventive Finance Limited

Directors

L Erickson
R Hibberd
R Underwood
J Weiss

Secretary

R Hibberd

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

6th Floor
77 Gracechurch Street
London
EC3V 0AS

Registered No. 6021856

Directors' report

The directors present their report and financial statements for the period ended 30 June 2012

Change of accounting reference date

The company changed its accounting reference date to 30 June from 31 December. These financial statements relate to the 18 month period ended 30 June 2012, the comparative period is the year ended 31 December 2010.

Results and dividends

The loss for the period after taxation amounted to £376,721 (year ended 31 December 2010 – loss of £12,868). The directors do not recommend a final dividend (year ended 31 December 2010 – £nil).

Principal activity and review of the business

The principal activity of the company is the provision of medium-term loans to individuals, this activity commenced in the period. The company did not trade in the year ended 31 December 2010.

The loss for the period is as a result of setup costs for the new loan business. The company is seeing a controlled growth in revenue and is expected to be profitable in the period ended 30 June 2013.

On 31 March 2011, DFC Global Corp and its wholly owned subsidiary, Dollar Financial UK Limited entered into a share purchase agreement with CCRT International Holdings BV and CompuCredit Holdings Corporation to purchase all of the share capital of Purpose UK Holdings Limited, an intermediate parent undertaking which indirectly owns the majority shareholding of the company. Consequently, DFC Global Corp has become the ultimate parent undertaking of the company.

Going concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. These financial statements have been prepared on the going concern basis because the ultimate parent undertaking has agreed to provide adequate funds for the company to meet its liabilities as they fall due for a period of at least one year following the signature date of these financial statements.

Directors

The directors who served the company during the period and up to the date of this report were as follows:

| | |
|--------------|---------------------------|
| J C Davis | (resigned 1 April 2011) |
| E G Erickson | (appointed 26 March 2013) |
| R Hibberd | (appointed 1 April 2011) |
| R R House Jr | (resigned 1 April 2011) |
| I McKenzie | (resigned 1 April 2011) |
| R Underwood | (appointed 1 April 2011) |
| J Weiss | (appointed 1 April 2011) |

Directors' liabilities

The company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of their appointment.

Directors' report - continued

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware there is no relevant audit information being information needed by the auditor in connection with preparing its report of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

BDO LLP resigned as auditors on 1 August 2011 and Ernst & Young LLP were appointed auditors on 30 September 2011. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Small company provisions

These financial statements have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

On behalf of the Board



E Erickson

Director

Date March 29 2013

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 auditors' report

to the members of Inventive Finance Limited

We have audited the financial statements of Inventive Finance Limited for the period ended 30 June 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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).

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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

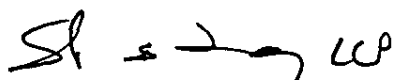
Independent auditors' report – continued

to the members of Inventive Finance Limited

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report



Peter Wallace (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
Date

29 MAR 2013

Profit and loss account

for the period ended 30 June 2012

| | | <i>18 months ended 30 June 2012</i> | <i>Year ended 31 December 2010</i> |
|--|--------------|---|--|
| | <i>Notes</i> | <i>£</i> | <i>£</i> |
| Turnover | 2 | 75,841 | - |
| Administrative expenses | | (535,114) | (2,900) |
| Operating loss | 3 | (459,273) | (2,900) |
| Interest payable and similar charges | 6 | (47,917) | (13,838) |
| Loss on ordinary activities before taxation | | (507,190) | (16,738) |
| Tax | 7 | 130,469 | 3,870 |
| Loss for the financial period | 12 | <u>(376,721)</u> | <u>(12,868)</u> |

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the period ended 30 June 2012

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £376,721 in the period ended 30 June 2012 (year ended 31 December 2010 – loss of £12,868)

Balance sheet

at 30 June 2012

| | Notes | 30 June 2012 £ | 31 December 2010 £ |
|--|-------|----------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 293 422 | - |
| Current assets | | | |
| Debtors | 9 | 330 277 | 8 728 |
| Cash at bank and in hand | | 98 520 | 1,103 |
| | | 428 797 | 9 831 |
| Creditors amounts falling due within one year | 10 | (1,299 756) | (210,647) |
| Net current liabilities | | (870 959) | (200 816) |
| Net liabilities | | (577,537) | (200,816) |
| Capital and reserves | | | |
| Called up share capital | 11 | 100 | 100 |
| Profit and loss account | 12 | (577 637) | (200 916) |
| Shareholders' deficit | 13 | (577 537) | (200 816) |

These financial statements were approved and authorised for issue by the Board of Directors on the date shown below and were signed on its behalf by



E Erickson

Director

Date March 29 2013

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

These financial statements have been prepared on the going concern basis because the parent undertaking has agreed to provide adequate funds for the company to meet its liabilities as they fall due for a period of at least one year following the signature date of these financial statements

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent undertaking publishes consolidated financial statements

Turnover

Turnover represents interest and fees charged to customers on loans. Interest income is recognised evenly over the term of the loan. The fee is recognised over the period it is earned.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Computer equipment and software – 25% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Loans and provisions for doubtful debts

Loans are stated in the balance sheet at the amount of the principal and interest outstanding less any provision for doubtful debt.

Provisions for doubtful debt on loans are made having regard to specific and general risks. The specific element of the provision relates to those loans that have been reviewed and specifically identified as doubtful. In determining the level of provisions required, management considers numerous factors, including prior bad debt experience of similar products elsewhere in the group.

Tax

The charge for taxation is based on the result for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes.

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3. Operating loss

This is stated after charging

| | <i>18 months ended 30 June 2012</i> | <i>Year ended 31 December 2010</i> |
|--|---|--|
| | <i>£</i> | <i>£</i> |
| Auditors' remuneration – audit of the financial statements | - | 3,000 |
| Depreciation of owned fixed assets | 49,925 | - |

In the period ended 30 June 2012, auditors' remuneration was borne by the ultimate parent company. The auditors' remuneration for the year ended 31 December 2010 relates to amounts payable to the previous auditors.

4. Directors' remuneration

The directors of the company are remunerated by other companies within the DFC Global Corp group. The directors consider that the level of their qualifying services provided to this company is inconsequential in both 2012 and 2010.

Notes to the financial statements

at 30 June 2012

5. Staff costs

| | <i>18 months ended 30 June 2012</i> | <i>Year ended 31 December 2010</i> |
|-----------------------|---|--|
| | <i>£</i> | <i>£</i> |
| Wages and salaries | 218,510 | - |
| Social security costs | 24,455 | - |
| | <u>242,965</u> | <u>-</u> |

Staff are employed by MEM Consumer Finance Limited and the costs are recharged

The average monthly number of employees during the period was made up as follows

| | <i>No</i> | <i>No</i> |
|----------------|-----------|-----------|
| Administration | 2 | - |
| Operations | 3 | - |
| | <u>5</u> | <u>-</u> |

6. Interest payable and similar charges

| | <i>18 months ended 30 June 2012</i> | <i>Year ended 31 December 2010</i> |
|----------------------------|---|--|
| | <i>£</i> | <i>£</i> |
| Intercompany loan interest | <u>47,917</u> | <u>13,838</u> |

There are no formal intercompany loan agreements in place, however interest is charged between group companies at rates of between 7% and 12% per annum

Notes to the financial statements

at 30 June 2012

7. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows.

| | <i>18 months ended 30 June 2012 £</i> | <i>Year ended 31 December 2010 £</i> |
|--|---|--|
| Current tax: | | |
| UK corporation tax | (113,669) | (3,875) |
| Adjustments in respect of previous periods | - | 5 |
| Total current tax (note 7(b)) | <u>(113,669)</u> | <u>(3,870)</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences (note 7(c)) | (16,800) | - |
| Total deferred tax | <u>(16,800)</u> | <u>-</u> |
| Tax on credit on ordinary activities | <u>(130,469)</u> | <u>(3,870)</u> |

(b) Factors affecting tax credit for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 26% (year ended 31 December 2010 – 28%) The differences are explained below

| | <i>18 months ended 30 June 2012 £</i> | <i>Year ended 31 December 2010 £</i> |
|---|---|--|
| Loss on ordinary activities before tax | <u>(507,190)</u> | <u>(16,738)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (year ended 31 December 2010 – 28%) | (131,869) | (4,687) |
| Effects of | | |
| Expenses not deductible for tax purposes | - | 812 |
| Fixed asset timing differences | (2,860) | - |
| Other timing differences | 21,060 | - |
| Adjustments in respect of previous periods | - | 5 |
| Current tax for the period (note 7(a)) | <u>(113,669)</u> | <u>(3,870)</u> |

Notes to the financial statements

at 30 June 2012

7. Tax (continued)

(c) Deferred tax

The deferred taxation asset is as follows

| | 2012 | 2010 |
|--------------------------------|-----------------|----------|
| | £ | £ |
| Fixed asset timing differences | 2,640 | - |
| Short term timing differences | (19,440) | - |
| Total deferred tax | <u>(16,800)</u> | <u>-</u> |

Movements on the deferred taxation asset are as follows

| | £ |
|---|-----------------|
| At 1 January 2010 | - |
| Credited to the profit and loss account (note 7(a)) | (16,800) |
| At 30 June 2012 | <u>(16,800)</u> |

(d) Factors affecting future tax charges

In a series of announcements since 2010, the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 26% to 20% falling by 2% in 2012, 1% in 2013, 2% in 2014 and a further 1% in 2015. The first 1% reduction to 25% for 2012 was substantively enacted in July 2011 and the second 1% reduction to 24% for 2012 was substantively enacted on 26 March 2012.

In accordance with accounting standards this 2% reduction has been reflected in the Company's financial statements for the period ended 30 June 2012. Further proposed changes will only be reflected once the reductions are substantively enacted.

8. Tangible fixed assets

| | Computer software | Total |
|----------------------------|-------------------|----------------|
| | £ | £ |
| Cost | | |
| At 1 January 2011 | - | - |
| Additions | 343,347 | 343,347 |
| At 30 June 2012 | <u>343,347</u> | <u>343,347</u> |
| Depreciation | | |
| At 1 January 2011 | - | - |
| Provided during the period | 49,925 | 49,925 |
| At 30 June 2012 | <u>49,925</u> | <u>49,925</u> |
| Net book value | | |
| At 30 June 2012 | <u>293,422</u> | <u>293,422</u> |
| At 31 December 2010 | <u>-</u> | <u>-</u> |

Notes to the financial statements

at 30 June 2012

9. Debtors

| | 30 June 2012 | 31 December 2010 |
|------------------------------|-----------------|---------------------|
| | £ | £ |
| Medium-term loans receivable | 193,770 | - |
| Group relief recoverable | 119,707 | 8,728 |
| Deferred tax asset – note 7 | 16,800 | - |
| | <u>330,277</u> | <u>8,728</u> |

All amounts shown fall due for repayment within one year

10. Creditors: amounts falling due within one year

| | 30 June 2012 | 31 December 2010 |
|------------------------------------|------------------|---------------------|
| | £ | £ |
| Amounts owed to group undertakings | 1,286,851 | 207,647 |
| Deferred income | 12,905 | - |
| Accruals | - | 3,000 |
| | <u>1,299,756</u> | <u>210,647</u> |

11. Issued share capital

| | 30 June 2012 | 31 December 2010 |
|---|-----------------|---------------------|
| | No | No |
| | £ | £ |
| <i>Allotted, called up and fully paid</i> | | |
| Ordinary shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |

12. Movements on reserves

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 January 2011 | (200,916) |
| Loss for the period | (376,721) |
| At 30 June 2012 | <u>(577,637)</u> |

13. Reconciliation of shareholders' deficit

| | 30 June 2012 | 31 December 2010 |
|-------------------------------|------------------|---------------------|
| | £ | £ |
| Opening shareholders' deficit | (200,816) | (187,948) |
| Loss for the period | (376,721) | (12,868) |
| Closing shareholders' deficit | <u>(577,537)</u> | <u>(200,816)</u> |

Notes to the financial statements

at 30 June 2012

14. Related party transactions

The company has taken advantage of the exemption under FRS 8 "Related party disclosures" from disclosing transactions with wholly owned fellow group entities

15. Ultimate parent undertaking and controlling party

The immediate parent undertaking is MEM Capital Limited

The directors regard DFC Global Corp, a company incorporated in the USA, as the ultimate parent undertaking and the ultimate controlling party

DFC Global Corp is the smallest and largest group of undertakings for which group financial statements are drawn up Copies of the group financial statements, which include the company, are available from its registered office DFC Global Corp, 1436 Lancaster Ave Berwyn, PA 19312