

Registered Number: 08414255

DF Holdings (UK) Limited

Annual Report and Financial Statements

For the year ended 30 June 2017

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COMPANIES HOUSE

Directors

S Cohen
K Kaye

Company Secretary

L Biondi

Auditor

Deloitte LLP
Statutory Auditor
Four Brindley Place
Birmingham
United Kingdom
B1 2HZ

Bankers

The Royal Bank of Scotland
Corporate Banking
East Midlands
PO Box 7895
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Cumberland Place
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NG1 7ZS

Solicitors

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1 Royal Standard Place
Nottingham
United Kingdom
NG1 6FZ

Registered Office

Cardinal House, Abbeyfield Court
Abbeyfield Road
Nottingham
United Kingdom
NG7 2SZ

Strategic Report for the year ended 30 June 2017

The directors present their Strategic Report for DF Holdings (UK) Limited (the "Company") for the year ended 30 June 2017.

Principal activities

The principal activity of the Company is that of a holding company for its subsidiaries and associated companies; DF Eurozone (UK) Limited and DF Americas Holdings (UK) Limited.

Business review

There is no change in the business of the Company since the previous year. The Company has continued to hold intercompany loan receivables which are financed through the intercompany loan received from the ultimate parent entity.

The loss for the year, after tax, amounted to \$996,000 (2016: \$1,106,000 loss).

Key performance indicators (KPIs)

As the Company is not a trading company, there are no KPIs used by management to review its performance.

Principal risks and uncertainties

The main risks arising from the Company's activities are liquidity risk and credit risk which are primarily attributable to its intercompany loan receivables.

Credit risk

Credit risk is the risk of financial loss to the Company due to a counterparty's failure to honour its financial obligations and arises as the Company provides loans to other group companies. The Company mitigates the risk by assessing the likelihood of the borrower defaulting, taking in to account a variety of factors such as the financial position of the potential borrower, and refusing to lend if the risk of default is too high.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient resources to meet its financial obligations as they fall due. The Company mitigates this risk by ensuring that its ultimate parent undertaking, Lone Star Fund VIII (Bermuda) L.P., has agreed to provide financial support to the Company for at least one year following the signature date of these financial statements.

Future developments

The directors expect the general level of activity to remain consistent as present in the forthcoming year. This is as a result of there being no expected changes to the level of finance provided.

This report was approved by the board of directors and signed on its behalf by:


K Kaye
Director

Date: 21 DECEMBER 2017

Address of registered office:
Cardinal House, Abbeyfield Court
Abbeyfield Road
Nottingham, NG7 2SZ

Directors' report

The directors present their Annual Report together with the audited financial statements for the year ended 30 June 2017.

Directors

The directors who served the Company during the year and up to the date of this report are as follows:

E Erickson (resigned 8 July 2016)
K Kaye
S Cohen

The directors have no declarable interest in the shares of the Company or of any other group company.

Disclosure of information to the auditor

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Financial risk management objectives and policies

Details of the Company's credit risk management policies can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

In addition to credit risk, the Company also considers liquidity risk, which is the risk that financial assets cannot be transformed into cash quickly enough to meet financial liabilities as they fall due. The Company mitigates this risk by ensuring that its ultimate parent undertaking, Lone Star Fund VIII (Bermuda) L.P., has agreed to provide financial support to the Company for at least one year following the signature date of these financial statements.

Dividends

The directors do not recommend a dividend (2016: \$nil).

Insurance

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)

Going Concern

The balance sheet shows net assets of \$2,325,000 at 30 June 2017. The ultimate parent undertaking, Lone Star Fund VIII (Bermuda) L.P., has agreed to provide financial support to the Company for at least one year following the signature date of these financial statements.

Accordingly, the directors have a reasonable expectation that the Company will have adequate resources to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Subsequent events

Subsequent events since the balance sheet date are noted in note 13 to the Financial Statements and form part of this report by cross reference.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by shareholders holding in aggregate 5% or more of the total allocated shares in the Company. They should be served no later than 30 June 2018.

This report was approved by the board of directors and signed on its behalf by:



K Kaye
Director

Date: 21 DECEMBER 2017

Address of registered office:

Cardinal House, Abbeyfield Court
Abbeyfield Road
Nottingham
United Kingdom
NG7 2SZ

Registered No. 08414255

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 DF Holdings (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of DF Holdings (UK) Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the significant accounting policies; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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.

Independent auditor's report (continued)

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Independent auditor's report (continued)


In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Stewart Cumberbatch, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

Date: 21 December 2017

Statement of comprehensive income

for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Interest receivable from group undertakings		257	302
Interest payable to group undertakings		<u>(1,253)</u>	<u>(1,408)</u>
Loss on ordinary activities before taxation		(996)	(1,106)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss and total comprehensive loss for the financial year, attributable to the equity shareholders of the Company		<u>(996)</u>	<u>(1,106)</u>

All amounts relate to continuing activities.

Balance sheet

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Fixed assets			
Investments	5	<u>6,763</u>	<u>6,763</u>
Non-current assets			
Debtors – Amounts falling due after more than 1 year	6	<u>16,592</u>	<u>16,332</u>
Current assets			
Cash at bank and in hand		<u>1</u>	<u>1</u>
		1	1
Creditors – Amounts falling due within 1 year	7	<u>(21,031)</u>	<u>-</u>
Net Current liabilities / (assets)		<u>(21,030)</u>	<u>1</u>
Liabilities			
Creditors – Amounts falling due after more than 1 year	7	<u>-</u>	<u>(19,775)</u>
Net assets		<u>2,325</u>	<u>3,321</u>
Called up share capital and reserves			
Called up share capital	8	5,412	5,412
Share premium account		4,493	4,493
Profit and loss account		<u>(7,580)</u>	<u>(6,584)</u>
Shareholders' funds		<u>2,325</u>	<u>3,321</u>

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:



K Kaye
Director

Date: 21 DECEMBER 2017

Statement of changes in equity

For the year ended 30 June 2017

	<i>Called up share capital \$'000</i>	<i>Share premium \$'000</i>	<i>Profit and loss account \$'000</i>	<i>Total shareholders' funds \$'000</i>
At 1 July 2015	5,412	4,493	(5,478)	4,427
Total comprehensive losses for the year	-	-	(1,106)	(1,106)
At 1 July 2016	5,412	4,493	(6,584)	3,321
Total comprehensive losses for the year	-	-	(996)	(996)
At 30 June 2017	5,412	4,493	(7,580)	2,325

Notes to the financial statements

For the year ended 30 June 2017

1. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

Basis of preparation

DF Holdings (UK) Limited is a private company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and Companies Act 2006.

Functional currency

The functional currency has been determined as US Dollars. This reflects the economic effects of the underlying transactions, events and conditions that were relevant to the entity upon incorporation and include the currency that dividend and interest income will be generated in and the currency that any interest cost will be paid in based on the associate and intercompany loan structure planned at incorporation. The amounts presented in the financial statements are rounded to the nearest thousand.

Group financial statements

The Company has taken advantage of the exemption to not prepare group financial statements for its group under section 401 of the Companies Act 2006 on the grounds that:

- the Company and all of its subsidiaries are included in the group financial statements of Sterling Mid-Holdings Limited drawn up to 30 June 2017; and
- that the group financial statements of Sterling Mid-Holdings Limited are drawn up in a manner equivalent to group financial statements drawn up in accordance with the provisions of the Seventh Directive.

Consequently, the financial statements only contain information about DF Holdings (UK) Limited as an individual company and do not contain group financial information as the parent of a group. These financial statements are available on request from the Company Secretary at 74 E Swedesford Road, Malvern, PA 19355.

Cash flow statement

The Company is exempt from the requirements of section 7 of FRS 102 and therefore has not prepared a cash flow statement because its results are included within the group financial statements of its parent undertaking, Sterling Mid-Holdings Limited. These financial statements are available on request from the Company Secretary at 74 E Swedesford Road, Malvern, PA 19355.

Going concern

The balance sheet shows net assets of \$2,325,000 at 30 June 2017. The ultimate parent undertaking, Lone Star Fund VIII (Bermuda) L.P., has agreed to provide financial support to the Company for at least one year following the signature date of these financial statements.

Accordingly, the directors have a reasonable expectation that the Company will have adequate resources to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Notes to the financial statements (continued)

For the year ended 30 June 2017

1. Significant accounting policies (continued)

Investments

Investments held as fixed assets are stated at cost, less any provision for permanent diminution in value.

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

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet all of the conditions under section 11 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that don't have stated interest rates (and don't constitute financing transactions) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments which do not meet all of the conditions under section 11 of FRS 102 are measured at fair value through profit and loss.

Impairment of financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements (continued)

For the year ended 30 June 2017

1. Significant accounting policies (continued)

Interest receivable

The revenue of the Company represents interest receivable and similar charges. Interest income and similar charges are recognised using the effective interest rate (EIR), which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to its net carrying amount.

Interest payable

Interest payable is recognised using the effective interest rate (EIR), which is the rate that exactly discounts estimated cash payments through the expected life of the financial asset to its net carrying amount.

Tax

The charge for tax 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 tax and accounting purposes.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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 exceptions:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- 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 years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Critical accounting judgements and key sources of estimation uncertainty

The directors believe there are no critical judgements or key sources of estimation uncertainty in applying the Company's accounting policies.

3. Operating loss

The Company's audit fee of \$6,947 for the current year will be paid by DFC Global Corp and \$6,819 for the preceding year, payable to Deloitte LLP, was paid by DFC Global Corp. Non-audit services provided to the Company are \$nil for the current year as well as for the previous year.

There are no employees of the Company except for the directors. The directors of the Company are remunerated by other companies within the Sterling Mid-Holdings Limited group. The directors consider that the level of their qualifying services provided to the Company is inconsequential to its wider role within the group in 2017 and 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2017

4. Tax

(a) The tax charge for the current year is \$nil (2016: \$nil).

(b) Factors affecting the total tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.750% (2016: 20.0%). The differences are explained below:

	2017 \$'000	2016 \$'000
Loss on ordinary activities before tax	(996)	(1,106)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016: 20.0%).	(197)	(221)
<i>Effects of:</i>		
Permanent disallowable items	138	-
Transfer pricing adjustments	11	-
Group relief surrendered for no payment	47	221
Total tax on loss for the year (note 4(a))	-	-

(c) There is no provided or un-provided deferred tax as at 30 June 2017 and 30 June 2016.

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the rates enacted at the balance sheet date now standing at 19% from 1 April 2017 and 17% from 1 April 2020.

Notes to the financial statements (continued)

For the year ended 30 June 2017

5. Investments

	<i>Shares in associated undertakings \$'000</i>	<i>Total investments \$'000</i>
Cost and net book value:		
At 1 July 2016	6,763	6,763
At 30 June 2017	<u>6,763</u>	<u>6,763</u>

Details of the associated/subsidiary undertakings held at 30 June 2017 are:

<i>Name of company</i>	<i>Nature of business</i>	<i>Country of Incorporation</i>	<i>Investment</i>	<i>Equity Share Holding</i>	<i>Nominal Value</i>
DF Eurozone (UK) Limited	Holding Company	England & Wales	\$6,763,000	47%	£1
DF Americas Holding (UK) Limited	Holding Company	England & Wales	\$163	100%	£1

The registered office of both DF Eurozone (UK) Limited and DF Americas Holding (UK) Limited is Cardinal House Abbeyfield Court, Abbeyfield Road, Nottingham, United Kingdom, NG7 2SZ.

6. Debtors – Amounts falling due after more than 1 year

	<i>2017 \$'000</i>	<i>2016 \$'000</i>
Amounts due from group undertakings falling due after more than 1 year	<u>16,592</u>	<u>16,332</u>

Within amounts due from group undertakings, as at 30 June 2017, there is a loan due from Sterling Mid-Holdings Limited of \$15,730,000 plus accrued interest, with a carrying value at that date of \$15,987,000. The loan is repayable in June 2022 with an interest rate of 1.91% per annum.

The remaining balance of \$605,000 is a trading balance with Dollar Financial U.K. Limited repayable on demand on which no interest is being charged.

Notes to the financial statements (continued)

For the year ended 30 June 2017

7. Creditors

Creditors – Amounts falling due within 1 year:	2017 \$'000	2016 \$'000
<i>Amounts due to group undertakings falling due within 1 year</i>	<u>21,031</u>	<u>-</u>
Creditors – Amounts falling due after more than 1 year:		
<i>Amounts due to group undertakings falling due after more than 1 year</i>	<u>-</u>	<u>19,775</u>

As at 30 June 2017 the amounts due to group undertakings relate to a \$15,600,000 loan (and associated interest) from DF International LLC, at an interest rate of 9.0% per annum. The loan is payable in June 2018.

8. Called up share capital and reserves

Authorised, allotted, called-up and fully-paid:

	2017 \$'000	2016 \$'000
3,400,100 ordinary shares of £1 each	<u>5,412</u>	<u>5,412</u>

The Company's other reserves are as follows:

- The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
- The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

9. Contingent liabilities

The Company is party to a cross guarantee arrangement and has given a guarantee in the ordinary course of business in respect of banking facilities granted to other group companies based in the UK, US and Canada. At the balance sheet date US\$123.2 million converted at the year end exchange rate to £95.0 million (2016: US\$120.8 million, £91.2 million) was outstanding under such guarantees. The total facility available is US\$125 million converted at the year end exchange rate to £96.4 million (2016: US\$125 million, £94.4 million).

Further, the Company is a guarantor in respect of the senior secured 10.5% notes due 2020 of \$800 million ("Existing Notes") (£617 million) (2015: £604 million) issued by a group subsidiary, DFC Finance Corp, alongside the senior secured 10.5%/12.0% PIK toggle notes due 2020 of \$759 million ("New Notes") also issued by DFC Finance Corp. The New Notes were issued to those holders of the Existing Notes who tendered their Existing Notes in an offer made by DFC Finance Corp to certain holders of the Existing Notes in exchange for the New Notes.

Notes to the financial statements (continued)

For the year ended 30 June 2017

10. Financial instruments

The Company manages its capital to ensure that the Company has sufficient capital resources to continue as a going concern.

The Company's activities expose it to a number of financial risks and uncertainties; primarily liquidity risk and credit risk which are attributable to its intercompany loan receivables.

Carrying values by categories of financial instrument as at 30 June are as follows:

Financial assets – loans and receivables	2017	2016
	\$'000	\$'000
<i>Amounts due from group undertakings</i>	<u>16,592</u>	<u>16,332</u>
 Financial liabilities	 2017	 2016
	\$'000	\$'000
<i>Amounts due to group undertakings</i>	<u>21,031</u>	<u>19,775</u>

11. Related party transactions

The Company is a wholly owned subsidiary of Sterling Mid-Holdings Limited, the group financial statements of which are publicly available.

Accordingly, the Company has taken advantage of the exemption in section 33 of FRS 102 from disclosing transactions with 100% members or investees of the Sterling Mid-Holdings Limited group.

12. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is DF International Holdings LLC, a company incorporated in the United States of America.

The largest and smallest group for which financial statements are drawn up which incorporate the results of the Company is that headed by Sterling Mid-Holdings Limited, a company incorporated in the Bailiwick of Jersey. Copies of the group financial statements, which include the results of the Company, are available from 74 E Swedesford Road, Malvern, PA 19355.

The Company's ultimate parent undertaking and controlling party is Lone Star Fund VIII (Bermuda), L.P. a Bermuda limited partnership which is controlled by its general partner, Lone Star Partners VIII, L.P., a Bermuda limited partnership, which is controlled by its general partner Lone Star Management Co, VIII Ltd, a Bermuda exempted limited company.

13. Subsequent events

The management has identified a potential impairment in the loans receivable from the Sterling Mid Holdings Limited and the impact is currently in the process of being quantified.