

COMPANY REGISTRATION NUMBER NI032565

CREATION CONSUMER FINANCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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CREATION CONSUMER FINANCE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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CREATION CONSUMER FINANCE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

B Cavelier
S A R Hunt
J S Uppal
B C Y Dilly
T Deakin

Company secretary

J S McCulloch

Registered office

Royston House
34 Upper Queen Street
Belfast
BT1 6FD

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

CREATION CONSUMER FINANCE LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report of the Company for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a finance company offering point of sale credit facilities for retail clients, the provision of insurance premium financing facilities for insurance brokers, and the provision of personal loans and motor loans to consumers.

BUSINESS REVIEW

Economic recovery in 2014 was propelled by improving market confidence and a fall in unemployment rates. We have seen a rise in the demand for consumer credit as the economy improves. There are significant improvements in the home improvement loan and unsecured personal loan markets, and the point of sales credit market continued to perform strongly. Operational and funding costs continued to be the focus of the industry, effective management of these costs will position the Company for growth opportunities in 2015 and beyond.

Organic business development opportunities in the year have led to increased turnover but higher borrowing costs compared to last year. This has adversely impacted profit before tax for the year. Robust risk and operational strategies have improved the quality of loans written in the year and have kept customer defaults at an acceptable level.

Employment contracts of all employees of Creation Consumer Finance Limited were transferred to Creation Financial Services Limited in July 2014 for centralisation of payroll administration. Staff costs of £6,635,000 (2013: £nil) are being recharged at cost from the parent company based on activity levels related to the Company.

Key Performance Indicator	2014	2013	Comments
Cost income ratio	0.57	0.59	Higher funding costs have eroded margins in the financial year but the Company remains profitable.
Post tax return on assets	2.1%	2.5%	
Total assets	£1,164m	£1,062m	Asset growth reported in 2014 resulted from increased consumer loans through higher demand for consumer credit.

The Financial Conduct Authority (FCA) took over regulation of consumer credit from the Office of Fair Trading (OFT) on 1 April 2014. The authority has significant powers, including the power to regulate conduct related to the marketing of financial products. It is able to specify minimum standards and to place requirements on products. Interim permission to operate the Company's trading activities under the FCA was obtained in the prior year with applications for Variation of Permission lodged with FCA on 16 July 2015. Whilst the directors are confident permissions will be obtained, failure to do so would materially impact the Company's activities.

The results for the year are set out in the profit and loss account on page 8. Total current assets equalled £1,161,884,000 (2013: £1,059,096,000). Of these amounts £802,860,000 (2013: £747,366,000) falls due after one year.

RESULTS AND DIVIDENDS

The profit for the financial year, after taxation, amounted to £24,056,000 (2013: £26,022,000). The directors have not recommended a dividend (2013: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Changes in legislation or regulatory interpretation applying to companies in the financial services industry may adversely affect the Company's product range and, consequently reported results and financing requirements. The legal and compliance team have regular meetings to keep up to date with these changes and share regular reports with the directors.

CREATION CONSUMER FINANCE LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

The Company continues to invest in electronic information systems to protect customer, employee and other information and to effectively manage the evolving risks associated with the loss of data, confidentiality, integrity and availability of this information.

Appropriate security is applied to protect all customer, employee and other data. Measures taken to reduce the risks include staff education, data encryption and the deployment of specialist software.

Conduct risk

Conduct risk is a key risk to the Company in view of the evolving regulatory environment and as evidenced by the significant level of conduct remediation provisions held by many UK financial institutions. Changes have been made to specific business processes, as well as the way the business considers, manages and reports conduct risks. The Company is continuing to place significant focus in seeking to ensure that customers receive the right outcome in every instance and that the necessary controls are in place to mitigate the associated risks. This has been embodied in the Company's approach of ensuring that all of its products and its dealings with customers are clear and straight forward.

The directors have considered the Company's policy on Payment Protection Insurance (PPI) following the regulatory review in the UK and consider the amount of potential PPI mis-selling claims to be immaterial to the financial statements.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks, but in particular credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by managing and monitoring the exposure.

Credit risk

The Company takes on exposure to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when due. Significant changes in the economy, or the health of a particular retail sector that represents a concentration of the Company's portfolio, could result in losses that are different to those provided at the balance sheet date. Additionally, under Section 75 of the Consumer Credit Act, the Company is jointly and severally liable for any breach of contract or misrepresentation by the supplier. Management carefully manages its exposure to credit risk, and this is monitored by the risk department who work closely with the finance department. In addition, the Company continues to implement policies to ensure appropriate credit checks are carried on potential customers.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the continued support of the ultimate parent company, treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest receivable on debtor balances is based on LIBOR adjusted for risk factors, whilst funding costs are primarily based on rates linked to a 12 month LIBOR. The Company reviews the rates on a regular basis with BNP Paribas SA group treasury to ensure that interest rate exposure is managed.

Signed by order of the board



J S McCulloch
Company Secretary

Approved by the directors on 11 September 2015

CREATION CONSUMER FINANCE LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their annual report, the related strategic report and the audited financial statements of the Company for the year ended 31 December 2014.

The strategic report is set out on pages 2 to 3 and includes the Company's financial risk management policies and consideration of dividends.

FUTURE DEVELOPMENTS

BNP Paribas SA became the ultimate and controlling party of LaSer Cofinoga Group SA following BNP Paribas Personal Finance SA's acquisition of the remaining 50% of LaSer Cofinoga Group from Galeries Lafayette SA on 25 July 2014. On 1 September 2015, LaSer Cofinoga SA was merged into BNP Paribas Personal Finance SA. The board believes that this business combination will progressively shape the details of the future target operating model for the enlarged group and the Company.

The Company will continue to develop new products and develop into different areas of the consumer credit market. Whilst growth in product offering is important to the business, the directors recognise management of credit and operational risks is necessary to facilitate the long term growth and stability of the Company.

POST BALANCE SHEET EVENTS

On 1 September 2015, LaSer Cofinoga SA was merged into BNP Paribas Personal Finance SA to bolster its leadership of Europe's consumer credit market.

DIRECTORS

The directors who served the Company during the year and up to the date of signing the financial statements were as follows:

S M J Traisnel	(resigned on 16 February 2015)
J Darrigade	(resigned on 16 February 2015)
G Rennison	(resigned on 16 February 2015)
S A R Hunt	
B Cavelier	(appointed on 16 February 2015)
T Deakin	(appointed on 16 February 2015)
A van Groenendael	(appointed on 16 February 2015 and resigned on 20 August 2015)
J S Uppal	(appointed on 16 February 2015)
B C Y Dilly	(appointed on 16 February 2015)

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and also at the date of approval of the financial statements. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

CREATION CONSUMER FINANCE LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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 prepared 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;
- 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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed by order of the board



J S McCulloch
Company Secretary

Approved by the directors on 11 September 2015

Company Registration Number: NI032565

CREATION CONSUMER FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREATION CONSUMER FINANCE LIMITED

Report on the financial statements

Our opinion

In our opinion, Creation Consumer Finance Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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.

What we have audited

The financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account and statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CREATION CONSUMER FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREATION CONSUMER FINANCE LIMITED *(continued)*

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Andrew Batty (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
14 September 2015

CREATION CONSUMER FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £000	2013 £000
TURNOVER	2	154,091	151,264
Administrative expenses		<u>(88,284)</u>	<u>(89,647)</u>
OPERATING PROFIT	3	65,807	61,617
Interest payable and similar charges	6	(35,292)	(27,792)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>30,515</u>	<u>33,825</u>
Tax on profit on ordinary activities	7	(6,459)	(7,803)
PROFIT FOR THE FINANCIAL YEAR	21	<u>24,056</u>	<u>26,022</u>

All of the activities of the Company in the financial year and comparative financial year are classified as continuing.

There are no material differences between the profits on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

The notes on pages 11 to 24 form part of these financial statements.

CREATION CONSUMER FINANCE LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2014

	2014	2013
	£000	£000
Profit for the financial year attributable to the shareholders	24,056	26,022
Actuarial gain in respect of defined benefit pension scheme (note 15)	–	58
Deferred tax in respect of defined benefit pension scheme (note 12)	–	(12)
Total gains and losses recognised since the last annual report	<u>24,056</u>	<u>26,068</u>

The notes on pages 11 to 24 form part of these financial statements.

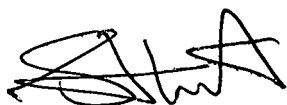
CREATION CONSUMER FINANCE LIMITED

BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £000	2013 £000
FIXED ASSETS			
Tangible assets	8	2,384	2,542
Investments	9	50	50
		<u>2,434</u>	<u>2,592</u>
CURRENT ASSETS			
Stock	10	25	14
Debtors: Amounts falling due within one year	11	357,204	309,793
Debtors: Amounts fallings due after more than one year	11	802,860	747,366
Cash at bank and in hand		1,795	1,923
		<u>1,161,884</u>	<u>1,059,096</u>
CREDITORS: Amounts falling due within one year	13	<u>(625,810)</u>	<u>(723,712)</u>
NET CURRENT ASSETS		<u>536,074</u>	<u>335,384</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>538,508</u>	<u>337,976</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(374,476)</u>	<u>(198,000)</u>
NET ASSETS EXCLUDING PENSION SUPLUS		<u>164,032</u>	<u>139,976</u>
Pension Surplus	15	–	–
NET ASSETS INCLUDING PENSION SUPLUS		<u>164,032</u>	<u>139,976</u>
CAPITAL AND RESERVES			
Called up share capital	19	15,000	15,000
Other reserves	20	50,179	50,179
Profit and loss account	21	98,853	74,797
TOTAL SHAREHOLDERS' FUNDS	22	<u>164,032</u>	<u>139,976</u>

These financial statements were approved by the board of directors and authorised for issue on 11 September 2015, and are signed on its behalf by:



S A R Hunt
Director

The notes on pages 11 to 24 form part of these financial statements.

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006.

The financial statements have been prepared on a going concern basis, and the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

The financial statements contain information about Creation Consumer Finance Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, BNP Paribas SA, a company incorporated in France.

The intermediate parent company, Creation Financial Services Limited, has confirmed its willingness to provide financial support to the Company for the foreseeable future. Accordingly, the directors are of the opinion that the financial statements should be prepared on the basis that the Company is a going concern.

Cash flow statement

The Company is a wholly owned subsidiary of Creation Financial Services Limited whose ultimate parent is BNP Paribas SA and the cash flows of the Company are included in the consolidated group cash flow statement of that company. Consequently the Company is exempt under the terms of FRS 1 "Cash flow statements" (revised 1996) from publishing a cash flow statement.

Turnover

Turnover is stated net of value added tax and represents interest earned from customer balances, fee income and retailer and broker commissions.

Interest, where applicable, is charged to customer accounts on a monthly basis and is accounted for on an accruals basis. Fees, where applicable, are charged to customer accounts on a monthly basis and are accounted for on an accruals basis.

Retailer and broker commission is spread over the life of the loan taking into account early settlement and write offs. The commission is spread over the terms of the agreements using an effective interest method.

The interest element of consumer loans is fixed over the terms of the credit agreement and no additional interest is charged on overdue balances, however additional fees apply to all overdue balances apart from where a customer has made an arrangement.

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight line basis as follows:

Fixtures and fittings	- 10% - 20%
Computer equipment	- 20% - 33%

Assets in course of construction represent computers and other equipment where the asset is being developed in house. These assets are not depreciated until they are fully commissioned and brought into use.

Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The Company's employees are members of either the Creation Consumer Finance Limited defined benefit pension scheme or the defined contribution scheme.

The Company operates a defined benefit scheme for certain employees. The assets of the scheme are held separately from those of the Company. Pension scheme assets are measured using market value. Pension liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme arising from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. The Company records any pension deficit as a liability on the balance sheet. Pension surpluses are only recognised as an asset to the extent that the surplus results in reduced contributions or a refund from the scheme. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The defined contribution scheme is open to those employees not covered by the above scheme. The cost of funding the defined contribution scheme is charged to the profit and loss account as incurred.

Deferred taxation

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation *(continued)*

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Financial instruments

The Company's financial assets include unsecured lending and loans which are classified as trade debtors. These non-derivative financial assets have fixed or determinable payments and are not quoted in an active market. Trade debtors are recognised when the funds are advanced to customers. Trade debtors are carried at cost less any provision for bad debts. Financial assets are derecognised when the rights to receive cash flows have expired or where substantially all of the risks and rewards of ownership have been transferred.

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction or the rate of exchange of a related foreign exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. The resulting gain or loss is dealt with in the profit and loss account.

Investments

Fixed asset investments are stated at their purchase cost less any provision for diminution in value.

Bad debt provision

Provision is calculated on the basis of the rate of expected final loss established from statistical analysis of the debtor population. In determining the provision, consideration is given to the performance at individual product level, and where relevant, customer level, using recent trends and empirical evidence to assess the expected future collections. These rates are applied to all balances outstanding in order to calculate the provision for irrecoverable debts.

Debtor balances with forbearance arrangements are being provided at a rate derived from statistical modelling, based on historical data. The rate is reviewed twice a year.

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

2. TURNOVER

Turnover includes interest earned from customer balances, fee income and retailer and broker commissions. The interest element of consumer loans is fixed over the terms of the credit agreement and no additional interest is charged on overdue balances, although additional fees may apply.

Turnover relates to the Company's main activity which is carried out in the United Kingdom and Republic of Ireland. There is one class of business.

3. OPERATING PROFIT

Operating profit is stated after charging:

	2014	2013
	£000	£000
Depreciation of tangible fixed assets	916	910
Operating lease costs:		
- Plant and machinery	28	50
- Other	157	148
Auditors' remuneration – audit of financial statements	48	47

No (2013: no) amounts were paid to the auditors for non-audit services.

4. PARTICULARS OF EMPLOYEES

The monthly average number of staff (including executive directors) employed by the Company during the financial year amounted to:

	2014	2013
	No	No
Number of staff	81	166

The aggregate payroll costs of the above were:

	2014	2013
	£000	£000
Wages and salaries	2,135	4,107
Social security costs	189	366
Other pension costs (note 15)	38	55
	2,362	4,528

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income and charged to finance costs or amounts recognised in the statement of recognised gains and losses.

Employment contracts of all employees of Creation Consumer Finance Limited were transferred to Creation Financial Services Limited in July 2014 for centralisation of payroll administration. Staff costs are being recharged from the parent company based on activity levels related to the Company.

5. DIRECTORS' EMOLUMENTS

The directors of the Company did not receive any emoluments for their services during the year ended 31 December 2014 (2013: £nil). All the directors are employed and remunerated by Creation Financial Services Limited or BNP Paribas SA. No recharge is made to the Company.

No retirement benefits are accruing to any directors (2013: none) under defined benefit schemes or under money purchase schemes (2013: none).

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
Interest payable to group undertakings	<u>35,292</u>	<u>27,792</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014 £000	2013 £000
Current tax:		
UK Corporation tax based on the results for the year at 21.50% (2013: 23.25%)	6,515	7,863
Adjustment in respect of prior years	(182)	(356)
Total current tax	<u>6,333</u>	<u>7,507</u>
Deferred tax:		
Origination and reversal of timing differences	69	25
Change of rate	–	80
Adjustment in respect of prior years	57	191
Total deferred tax	<u>126</u>	<u>296</u>
Tax on profit on ordinary activities	<u>6,459</u>	<u>7,803</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%).

	2014 £000	2013 £000
Profit on ordinary activities before taxation	<u>30,515</u>	<u>33,825</u>
Profit on ordinary activities by rate of tax	6,561	7,864
Expenses not deductible for tax purposes	17	19
Capital allowances in excess of depreciation	(89)	20
Adjustment in respect of prior years	(182)	(356)
Other timing differences	26	(40)
Total current tax (note 7(a))	<u>6,333</u>	<u>7,507</u>

(c) Factors that may affect future tax charges

Changes to the rate of corporation tax were substantially enacted in July 2013 which reduced the main rate to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. The July 2015 Budget Statement announced further changes to the UK Corporation tax rate which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes have not been substantively enacted at the balance sheet date their effects are not included in these financial statements. Accordingly, any deferred tax balances have been calculated using a rate of 20%. The effect of each of the further reductions of 1% in the tax rate outlined above is immaterial to the financial statements.

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £000	Computer equipment £000	Total £000
COST			
At 1 January 2014	616	9,508	10,124
Additions	47	711	758
Disposals	(343)	(1,389)	(1,732)
Transfers	30	(30)	–
At 31 December 2014	350	8,800	9,150
ACCUMULATED DEPRECIATION			
At 1 January 2014	477	7,105	7,582
Charge for the financial year	27	889	916
On disposals	(343)	(1,389)	(1,732)
At 31 December 2014	161	6,605	6,766
NET BOOK VALUE			
At 31 December 2014	189	2,195	2,384
At 31 December 2013	139	2,403	2,542

9. INVESTMENTS

	Total £000
COST	
At 1 January 2014 and 31 December 2014	50
NET BOOK VALUE	
At 31 December 2014 and 31 December 2013	50

The carrying value of the investments is supported by their underlying net assets.

Investments relate to shares held in the following subsidiaries:

Name	Country of incorporation	Proportion of ordinary shares held	Nature of business	Ownership
Creation Marketing Services Limited	England	100%	Marketing Services	Direct

The Company held the whole of the issued ordinary share capital of Consumer Collections Limited until its dissolution on 29 August 2014. The company was dormant in the prior and current year until the point of dissolution. The investment value at the 2013 year end was £100.

The above represents all direct and indirect subsidiary undertakings of the Company as at 31 December 2014.

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

10. STOCK

	2014	2013
	£000	£000
Stock	<u>25</u>	<u>14</u>

11. DEBTORS

	2014	2013
	£000	£000
Trade debtors	1,093,769	1,021,488
Amounts owed by group undertakings	46,382	16,805
Prepaid commission	16,916	13,292
Other debtors	1,065	894
Deferred taxation (note 12)	720	846
Prepayments and accrued income	1,212	3,834
	<u>1,160,064</u>	<u>1,057,159</u>

The debtors above include the following amounts falling due after more than one year:

	2014	2013
	£000	£000
Trade debtors	802,140	747,366
Deferred tax	720	–
	<u>802,860</u>	<u>747,366</u>

Included in trade debtors are amounts totalling £19,568,000 (2013: £17,558,000) before any provision for bad debt on which further interest is not charged at the balance sheet date as a consequence of debtors experiencing financial difficulties, although additional fees may have been applied.

The amounts owed by group undertakings relate to inter-group trading balances of £46,382,000 (2013: £16,805,000) which are unsecured, interest free and are repayable on demand.

12. DEFERRED TAXATION

The deferred tax asset included in the balance sheet is as follows:

	2014	2013
	£000	£000
Included in debtors (note 11)	<u>720</u>	<u>846</u>

The movement in the deferred taxation balance during the year was:

	2014	2013
	£000	£000
Balance brought forward	846	1,154
Profit and loss account movement arising during the year (7(a))	(126)	(296)
Statement of total recognised gains and losses movement arising during the year relating to pension scheme	–	(12)
Balance carried forward	<u>720</u>	<u>846</u>

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

12. DEFERRED TAXATION *(continued)*

The deferred taxation balance consists of the tax effect of timing differences in respect of:

	2014	2013
	£000	£000
Excess of depreciation over taxation allowances	184	191
Other timing differences	536	655
	<u>720</u>	<u>846</u>

13. CREDITORS: Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	15,551	18,339
Amounts owed to group undertakings	562,301	658,247
Corporation tax	3,161	3,978
Other taxation and social security	—	75
Other creditors	52	49
Accruals and deferred income	44,745	43,024
	<u>625,810</u>	<u>723,712</u>

Included in the amounts owed to group undertakings is a committed funding facility of £910,170,000 (2013: £840,246,000) provided by Creation Financial Services Limited which is reviewed on a regular basis. £535,694,000 (2013: £642,246,000) is due within a year. The average interest rate on the amount drawn at 31 December 2014 was 4.19% (2013: 3.13%).

The remaining amounts owed to group undertakings due within one year relates to inter-group balances of £26,607,000 (2013: £16,001,000) which are unsecured, interest free and are repayable on demand.

14. CREDITORS: Amounts falling due after more than one year

	2014	2013
	£000	£000
Amounts owed to group undertakings		
In more than one year, but not more than two years	262,476	194,000
In more than two years, but not more than five years	112,000	4,000
	<u>374,476</u>	<u>198,000</u>

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

15. PENSIONS AND OTHER POST RETIREMENT BENEFITS

The Company operates a defined benefit pension scheme with assets held in separate trustee administered funds. The Company also operates a defined contribution pension scheme.

The defined benefit scheme has been closed to new joiners since December 2007 and was closed to future accrual in 2011.

The defined contribution charge for the year ended 31 December 2014 amounted to £38,000 (2013: £55,000). There are no outstanding or prepaid contributions as at 31 December 2014 (2013: £nil).

A full actuarial valuation of the scheme using the projected unit basis was carried out at 1 January 2013. The valuation was carried out by Scottish Widows, professionally qualified actuaries.

For the purposes of FRS 17, the actuaries updated the full valuation to account for the year to 31 December 2014. The principal assumptions adopted are as follows:

	2014	2013
Rate of increase in salaries	2.2%	2.7%
Rate of increase in pensions in payment	2.2%	2.7%
Discount rate	3.7%	4.4%
Expected return on assets	4.6%	6.3%
Inflation assumption	2.2%	2.7%

Assuming retirement at age 65, the life expectancy in years are as follows:

	2014	2013
For a male aged 65 now	23.9	23.8
At 65 for a male member aged 45 now	26.1	26.0
For a female aged 65 now	26.2	26.0
At 65 for a female member aged 45 now	28.5	28.4

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

15. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The expected return on scheme assets is determined by considering the expected return available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The fair value of assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 2014 %	Value at 2014 £000	Long term rate of return expected at 2013 %	Value at 2013 £000
Equities	6.1%	1,348	7.0%	2,118
Bonds	3.4%	1,399	3.9%	513
Cash	0.5%	51	0.5%	25
		<u>2,798</u>		<u>2,656</u>

The equity investments and bonds which are held in plan assets are valued at the current bid price.

The expected contributions to be made by the Company in 2015 are approximately £168,000.

The following amounts at 31 December 2014 were measured in accordance with the requirements of FRS 17:

	2014 £000	2013 £000
Total fair value of scheme assets	2,798	2,656
Present value of scheme liabilities	(2,560)	(2,428)
Balance in the scheme	<u>238</u>	<u>228</u>
Effect of surplus restriction	(238)	(228)
Deficit in the scheme recognised in the balance sheet	<u>—</u>	<u>—</u>
Related deferred tax balance	<u>—</u>	<u>—</u>
Net position recognised in the balance sheet	<u><u>—</u></u>	<u><u>—</u></u>

In accordance with paragraph 41 of FRS 17, the net pension asset has been restricted to the value of the scheme's future pension cost less future employee contributions.

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

15. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Analysis of amounts charged to operating profit in respect of the defined benefit scheme:

	2014 £000	2013 £000
Operating cost		
Current service cost	–	–
Past service cost	–	–
Analysis of amount charged to other finance income		
Expected return on pension assets	170	129
Effect of surplus restriction	(63)	(27)
Interest on pension scheme liabilities	(107)	(102)
	–	–
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	85	233
Experience gains and losses arising on the scheme liabilities	58	(216)
Effect of surplus restriction	53	(201)
Changes in assumptions underlying the present value of the scheme liabilities	(196)	242
Gains recognised in STRGL	–	58

In accordance with paragraph 67(c) of FRS 17, the expected return on assets for the year ended 31 December 2014 has been restricted from £170,000 to £107,000 (2013: £129,000 to £102,000).

Reconciliation of fair value of scheme assets:

	2014 £000	2013 £000
Opening fair value of plan assets	2,656	2,195
Expected return on assets	170	129
Actuarial gains	85	233
Employer contributions	–	118
Benefits paid	(113)	(19)
Closing fair value of plan assets	2,798	2,656

Scheme assets do not include any of the Company's own financial instruments or any property occupied by the Company. The actual return on scheme assets in the year was £255,000 (2013: £362,000).

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

15. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Reconciliation of fair value of scheme liabilities:

	2014 £000	2013 £000
Opening fair value of scheme liabilities	(2,428)	(2,371)
Current service cost	–	–
Interest on scheme liabilities	(107)	(102)
Actuarial (loss)/gain	(138)	26
Benefits paid	113	19
Closing present value of scheme liabilities	(2,560)	(2,428)

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of scheme liabilities	(2,560)	(2,428)	(2,371)	(2,019)	(2,163)
Fair value of scheme assets	2,798	2,656	2,195	1,892	2,023
Effect of surplus restriction	(238)	(228)	–	–	–
Deficit	–	–	(176)	(127)	(140)
Difference between the expected and actual return on scheme assets:					
- amount (£000)	(85)	(233)	(98)	271	181
- % of scheme assets	(3.0%)	(8.8%)	(4.4%)	14.3%	8.9%
Experience gains/(losses) on scheme liabilities:					
- amount (£000)	58	(216)	(69)	30	3
- % of the present value of the scheme liabilities	2.3%	(8.9%)	(2.9%)	1.4%	0%
Total amount recognised in STRGL:					
- Amount (£000)	–	58	(221)	(72)	183
- % of the present value of the scheme liabilities (%)	–	2.4%	(9.3%)	(3.5%)	8%

The cumulative amount of actuarial losses recognised in the STRGL is £630,000 (2013: £630,000)

16. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date (2013: £nil).

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December the Company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £000	Other Items £000	Land and buildings £000	Other Items £000
Operating leases which expire:				
Within 1 year	-	-	-	-
Within 2 to 5 years	160	-	148	23
	<u>160</u>	<u>-</u>	<u>148</u>	<u>23</u>

18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 8 "Related party disclosures" not to disclose related party transactions with other related parties that were 100% members of the LaSer Cofinoga SA group of companies.

19. CALLED UP SHARE CAPITAL

Allotted and fully paid:

	2014		2013	
	No	£000	No	£000
Ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000</u>	<u>15,000,000</u>	<u>15,000</u>

20. OTHER RESERVES

	2014 £000	2013 £000
Capital reserve	<u>50,179</u>	<u>50,179</u>

The capital reserve was created through capital contributions received from the Company's immediate parent, Creation Financial Services Limited, between 2009 and 2011. The capital reserve is distributable.

21. PROFIT AND LOSS ACCOUNT

	2014 £000	2013 £000
Balance brought forward	74,797	48,729
Profit for the financial year	24,056	26,022
Actuarial gain recognised in pension scheme (note 15)	-	58
Movement on deferred tax relating to pension scheme (note 12)	-	(12)
Balance carried forward	<u>98,853</u>	<u>74,797</u>

CREATION CONSUMER FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Profit for the financial year	24,056	26,022
Actuarial gain recognised in pension scheme (note 15)	–	58
Movement on deferred tax relating to pension scheme (note 12)	–	(12)
Net addition to shareholders' funds	24,056	26,068
Opening shareholders' funds	139,976	113,908
Closing shareholders' funds	164,032	139,976

23. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Creation Financial Services Limited, a company incorporated in the United Kingdom. The largest undertaking of which the Company is a member, and for which group financial statements are prepared, is BNP Paribas SA. Group financial statements for this company are prepared and are available to the public from 16 Boulevard des Italiens, 75009 Paris, France.

The smallest undertaking of which the Company was a member until 31 August 2015, and for which group financial statements are prepared, was LaSer Cofinoga SA. Group financial statements for this company are prepared and are available to the public from 18 Rue de Londres, 75009 Paris, France. From 1 August 2015, the smallest undertaking of which the Company is a member, and for which group financial statements are prepared, is BNP Paribas Personal Finance SA. Group financial statements for this company are prepared and are available to the public from 1 Boulevard Haussmann, 75318 Paris, France.

The ultimate parent and controlling party is BNP Paribas SA who own 100% of the LaSer Cofinoga SA group following the acquisition of the remaining 50% of the group from Galeries Lafayette Group SA in July 2014. BNP Paribas SA is incorporated in France.

24. POST BALANCE SHEET EVENTS

On 1 September 2015, LaSer Cofinoga SA was merged into BNP Paribas Personal Finance SA to bolster its leadership of Europe's consumer credit market.