Registered number 1108021

C L Finance Limited

Annual Report and Financial Statements

for the year ended 31 December 2013

C L Finance Limited

Annual Report and Financial Statements
for the year ended 31 December 2013

Contents

C L Finance Limited

Directors and advisers

Directors

N A Nathoo	(appointed 8 August 2013)
J L Olsson	(appointed 8 August 2013)
G M Owen	
P Sardal	(appointed 8 August 2013)

Company Secretary
G M Owen

Registered Office
9 Berkeley Street
London
W1J 8DW

Registered in England and Wales
Registered number 1108021

Independent Auditor
KPMG LLP
St James's Square
Manchester
M2 6DS

C L Finance Limited

Strategic report for the year ended 31 December 2013

The directors present their Annual Report together with the audited financial statements of the Company for the year ended 31 December 2013.

Principal activities and review of the year
The Company's principal activity has been the purchase of debt originated by third party financial institutions and its subsequent recovery. During the year the Company has had a change in ownership and ceased its principal activity.

As a consequence of favourable conditions within the debt purchase market and following discussions with advisors and the Company's creditors, the directors approved the marketing of the Company and its subsidiary, The Lewis Group Limited, early in 2013. Following a competitive M&A tendering process, both companies were sold to Hoist Finance UK Limited ("Hoist") on 8 August 2013. Prior to the completion of the sale the Company maintained certain obligations required by a scheme of arrangement with the Company's creditors. These obligations, which arose from the restructuring of the Cattles Group in March 2011 (which the Company had previously been a part of), were waived as part of the sale and purchase agreement.

Immediately after the purchase, Hoist undertook a full review of the operations of the Company and its subsidiary. In November, the Board of Hoist announced the decision to restructure its entire UK operations which, following a period of consultation with all staff, resulted in the decision to transfer the business and operations of the Company and its subsidiary to other Hoist group undertakings.

In December, as part of the restructuring of the Hoist UK operations, the Company assigned its entire debt portfolio to another Hoist undertaking and received consideration in the form of an intra-group loan. As a result of this transaction and as the directors do not intend to acquire a replacement trade, the Company is no longer a going concern and this is reflected in the basis of preparation of the financial statements.

The Company will continue to receive income in the form of interest on the loan from the group undertaking. The directors are confident that the business will meet all its obligations from its existing reserves and cash balances.

The significant feature of trading in 2013 was the continued impact in the year of the cessation of debt purchase by the Company. As a result, the Company saw a 25.7% reduction in interest income to £12,587,794 in 2013 (2012: £16,938,928). Gains on valuation of the receivables, net of a refund provision, amounted to £2,065,171 (2012: £1,396,975) resulting in a reduction in underlying revenue to £14,652,965 (2012: £18,335,903).

The Company reported a profit before tax and exceptional items and costs associated with the scheme of arrangement with creditors of £9,942,639 (2012: £10,635,695). The 6.5% reduction reflects the steady decline in the net income from the loan portfolio in run off. After exceptional gains from the sale of the portfolio the Company made a profit before tax of £14,924,984 (2012: £1,266,000)

Results and dividends
The profit for the year, after taxation, amounted to £13,133,389 (2012: £nil). The directors have not declared a final dividend in respect of the year ended 31 December 2013 (2012: £nil). No interim dividend was paid (2012: £nil).

Strategic report for the year ended 31 December 2013 (continued)

Key Performance Indicators (KPIs)
The financial KPIs which are used by the directors to measure the performance of the Company include:

	2013	2012	Comment
Collections (£'000)	**28,307**	37,254	CLF has not acquired any new portfolios since 2010. Accordingly, collections have reduced in line with expectations for the maturity of the core portfolios.
Number of live accounts	**628,911** *	655,486	The fall reflects the aging of the portfolios and the steady settlement of accounts.

* On the date of assignment of the debt portfolio.

A number of non-financial KPIs are also used to measure the performance of the Company. These include, but are not restricted to, inbound and outbound call statistics, new business volume trends, complaints and correspondence received trends.

KPIs, both financial and non-financial, are monitored on a daily, weekly and monthly basis as appropriate and are compared against both budget and prior periods by the Company's management and senior executive team. On a monthly basis, the senior executive team review the management accounts which include these key statistics.

Financial risk management
Information about the use of financial instruments by the Company and its financial risk management policies is provided in note 13 to the financial statements.

By order of the Board

N A Nathoo
Director
26 March 2014

C L Finance Limited

Directors' report for the year ended 31 December 2013

Directors
The directors of the Company who held office during the year and up to the date of signing the financial statements were:

D M Berry	(resigned 27 November 2013)
R D East	(resigned 8 August 2013)
J M Briggs	(resigned 8 August 2013)
P H Thompson	(resigned 8 August 2013)
G M Owen	
N A Nathoo	(appointed 8 August 2013)
J L Olsson	(appointed 8 August 2013)
P Sardal	(appointed 8 August 2013)

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. (As explained in the Strategic Report on page 3 and in the Statement of accounting policies (pages 12 to 16), the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

C L Finance Limited

Directors' report for the year ended 31 December 2013 (continued)

Supplier payment policy and practice
It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers when a binding purchase contract is entered into, provided that all trading terms and conditions have been complied with.

Auditor
Each of the persons who is a director at the date of approval of this Annual 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 ought to have taken as a director in order to make himself aware of any relevant 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.

As a consequence of the sale of the Company, Grant Thornton UK LLP resigned as auditor with effect from 7 August 2013. KPMG LLP was appointed as auditor with effect from 13 December 2013.

By order of the Board

N A Nathoo
Director
26 March 2014

Registered number 1108021

Independent Auditor's report to the members of C L Finance Limited

We have audited the financial statements of C L Finance Limited for the year ended 31 December 2013 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter - non-going concern basis of preparation
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Strategic Report and the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out therein.

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.

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.

Katherine Clinton

Katherine Clinton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
St James's Square,
Manchester,
M2 6DS
26 March 2014

C L Finance Limited

Income statement for the year ended 31 December 2013

	Notes	2013 Before exceptional items £	2013 Exceptional items (Notes 1 & 2) £	2013 Total £	2012 £
Revenue	1	**15,767,787**	**(1,114,822)**	**14,652,965**	18,335,903
Other operating (expenses)/income	2	**(6,039,539)**	**6,097,167**	**57,628**	(17,069,903)
Operating profit		**9,728,248**	**4,982,345**	**14,710,593**	1,266,000
Finance income		**214,391**	**-**	**214,391**	-
Profit before taxation		**9,942,639**	**4,982,345**	**14,924,984**	1,266,000
Taxation	5			**(1,791,595)**	(1,266,000)
Profit for the year attributable to equity holders of the Company				**13,133,389**	-

Statement of comprehensive income for the year ended 31 December 2013

There were no items of other comprehensive income in either of the above years and therefore total comprehensive income for the year attributable to the equity holders of the Company amounted to £13,133,389 (2012: £nil).

The Statement of accounting policies and notes on pages 12 to 24 form an integral part of these financial statements.

C L Finance Limited

Statement of changes in equity for the year ended 31 December 2013

	Share capital £	Retained earnings £	Total equity £
At 1 January 2012	1,001	(1,001)	-
Total comprehensive income for the year	-	-	-
At 1 January 2013	1,001	(1,001)	-
Release of guaranteed bank creditors (note 10)	-	32,428,029	32,428,029
Total comprehensive income for the year	-	13,133,389	13,133,389
At 31 December 2013	1,001	45,560,417	45,561,418

The Statement of accounting policies and notes on pages 12 to 24 form an integral part of these financial statements.

C L Finance Limited

Balance sheet as at 31 December 2013

	Notes	2013 £	2012 £
ASSETS			
Non-current assets			
Loans and receivables	6	**68,857,098**	46,288,460
Deferred tax assets	8	-	5,213
		68,857,098	46,293,673
Current assets			
Loans and receivables	6	-	25,573,983
Trade and other receivables	9	-	938,931
		-	26,512,914
Total assets		**68,857,098**	72,806,587
LIABILITIES			
Current liabilities			
Borrowings	10	**(21,509,298)**	(22,000,351)
Corporation tax creditor	10	**(1,786,382)**	-
		(23,295,680)	(22,000,351)
Non-current liabilities			
Borrowings	10	-	(50,806,236)
		-	(50,806,236)
Total liabilities		**(23,295,680)**	(72,806,587)
Net assets		**45,561,418**	-
Shareholder's equity			
Share capital	11	**1,001**	1,001
Retained earnings		**45,560,417**	(1,001)
Total equity		**45,561,418**	-

The Statement of accounting policies and notes on pages 12 to 24 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 26 March 2014 and were signed on its behalf by:

N A Nathoo
Director

G M Owen
Director

Registered number 1108021

Cash flow statement for the year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	12	**21,213,207**	28,679,978
Cash flows from financing activities			
Repayment of intra-group borrowings		**(21,213,207)**	(28,679,978)
Net cash outflow from financing activities		**(21,213,207)**	(28,679,978)
Net increase in cash and cash equivalents		**-**	-
Cash and cash equivalents at 1 January 2013		**-**	-
Cash and cash equivalents at 31 December 2013		**-**	-

All loans and receivables previously acquired by the Company were paid for by the Company's fellow subsidiary undertaking, The Lewis Group Limited. When these loans and receivables are recovered by way of collecting cash on acquired debt portfolios, this cash is received by The Lewis Group Limited, with a corresponding decrease in the level of unsecured intra-group borrowings.

The Statement of accounting policies and notes on pages 12 to 24 form an integral part of these financial statements.

C L Finance Limited

Statement of accounting policies

General information
C L Finance Limited (the Company) is a company domiciled in the United Kingdom. The address of the registered office is given on page 2. The nature of the Company's operations is set out in the Strategic Report.

Statement of compliance
These financial statements have been prepared in accordance with EU endorsed IFRS and IFRIC interpretations issued by the International Accounting Standards Board. These financial statements have also been prepared in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS.

Basis of preparation
The financial statements are presented in Pounds Sterling, the Company's functional and presentational currency.

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

In previous years, the financial statements have been prepared on a going concern basis. However, on 14 November 2013 the directors announced the decision to cease trading. As there is no intention to acquire a replacement trade and the directors intend to liquidate the Company following the settlement of the remaining net assets, the directors have not prepared the financial statements on a going concern basis.

Accordingly, assets have been recorded on a non-going concern basis and a provision has been made for forecast operating costs expected to be incurred to the date of wind down of the Company.

Uncertainties
There is uncertainty in the preparation of the financial statements, the resolution of which is dependent on future events and could affect the financial statements. Their resolution could also impact the wind down process and the continuing statutory solvency of the Company with the resulting uncertainty as to whether or not the wind down process will be on a solvent basis. Given the fact that the accounts have been prepared on a non-going concern basis it is not expected that this eventuality would give rise to any significant adjustments to the amounts currently reported.

C L Finance Limited

Statement of accounting policies (continued)

Accounting developments

The following standards and amendments to existing standards, which are relevant to the Company's operations, have been published and were mandatory for accounting periods beginning on or after 1 January 2013 or later periods, although the Company did not early adopt any of them. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

- IFRS 7 (amendment) Financial Instruments: Disclosures (effective 1 July 2011). The amendment clarifies the disclosure of transfers of financial assets.
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- IAS 12 (amendment) Income Taxes' (effective 1 January 2012). The amendment clarifies the recovery of underlying assets within deferred tax.
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- Annual Improvements 2009-2011 Cycle (effective 1 January 2013)

Standards and interpretations in 2013 which have not been adopted

The following relevant standards and interpretations have been issued but are not effective for the year ended 31 December 2013:

- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2014)
- Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39 (effective 1 January 2014)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014)

In all instances, the Board will consider the impact that these standards may have on the Company's 31 December 2014 financial statements.

Statement of accounting policies (continued)

Basis of consolidation

The Company has taken advantage of the exemption allowed by Section 400 of the Companies Act 2006 and has not prepared consolidated financial statements as it is a wholly owned subsidiary undertaking of Hoist Finance UK Limited, a company registered in England and Wales. The ultimate parent undertaking is Hoist International AB which is the smallest and largest group to consolidate these financial statements. The ultimate parent company details are included in note 15.

The financial statements present information about the Company as a single entity only.

Critical estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The effective interest rate used to state the bank creditor at its amortised cost is 6.5% being the Company's estimated cost of capital. This liability expired on 8 August 2013 when the Company was acquired by Hoist Finance UK Limited.

The Company's only critical estimates relate to its impairment/revaluation assessment of its loans and receivables portfolio. The estimates relate to future cash flow projections and the time period to which they refer, which are monitored throughout the year by the directors. The impairment/revaluation calculation method is detailed in financial assets below.

Gross loans and receivables represent the net present value of future collections, discounted at agreed effective interest rates at loan book level for the next 84 months, which is considered by the directors to be a reasonable period and industry standard.

Financial assets

Management determines the classification of the Company's financial assets at initial recognition into one of the following categories: loans and receivables, held-to-maturity financial assets, available-for-sale financial assets and financial assets at fair value through profit or loss; and re-evaluates this designation at each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company acquires portfolios of consumer debt with no intention of trading the receivables.

Loans and receivables are recognised at the date of acquisition in respect of purchased debt. These assets are initially recognised at fair value plus direct and incremental transaction costs, and subsequently are carried at amortised cost using the effective interest method. At each reporting date the carrying value of each purchased debt portfolio of loans and receivables is assessed for impairment/revaluation. To determine the level of impairment/revaluation required, the present value of the future cash flows estimated to be remaining on each portfolio is calculated. This calculation takes account of actual collection experience and uses the portfolio's original effective interest rate. The carrying value of each debt portfolio is then revalued to the recalculated present value with the resulting impairment/revaluation recognised within the interest income line in the income statement.

Statement of accounting policies (continued)

Financial assets (continued)
Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all the risks and rewards of ownership.

Following the assignment of the entire debt portfolio to another Hoist group undertaking in December 2013, the Company received consideration in the form of an intra-group loan. Further detail on this arrangement is provided in note 6 to the financial statements.

Revenue recognition
Interest income from purchased debt portfolios is recognised in the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows from the purchased debt portfolios through their expected life to their net carrying amount. The EIR calculation also includes direct and incremental transaction costs being initial court fees.

Gains or losses arising from the impairment/revaluation review of purchased debt portfolios, loans and receivables are recognised within interest income.

Impairment
The carrying amounts of the Company's assets, other than loans and receivables and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of the Company's receivables is calculated as the present value of expected future cash flows, discounted at the original EIR inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised in prior years.

Non-going concern disclosures
Following the decision to close the Company announced on 14 November 2013, all assets and liabilities will remain with the Company until such time as they are transferred to other group companies or until the Company is liquidated.

Statement of accounting policies (continued)

Tax
The charge for current tax is based on the taxable profit for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates of tax that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents includes any cash and bank balances and bank overdrafts.

Bank creditor
The Company used to be part of the Cattles Group and as part of that Group's restructuring, completed on 2 March 2011, the Company recognised a liability to its guaranteed bank creditors. This bank creditor was initially measured at its fair value and subsequently at its amortised cost using the effective interest rate method. This liability to bank creditors was waived as a condition precedent to the sale of the Company and its parent to Hoist Finance UK Limited on 8 August 2013. The release of the creditor has been recognised as a movement in retained earnings in the Statement of changes in equity.

Investments in subsidiaries
Investments in subsidiaries are initially recognised at cost. At each reporting date, an assessment is made as to whether there is any indication that the investment may be impaired. If such an indication exists, the Company estimates the investment's recoverable amount. The investment is written down to the recoverable amount if this is lower than its carrying value. The impairment loss is recognised in the income statement within other operating expenses.

Other borrowings
Other borrowings comprise intra-group borrowings. Intra-group borrowings are recognised initially at fair value. These borrowings are subsequently stated at amortised cost using the effective interest method.

Contingent liabilities
As part of the closure process, a review of further contingent liabilities has been undertaken and as at the date of signing the Directors' report, the directors are not aware of any further amounts that need to be recognised as a result of the closure.

Notes to the financial statements for the year ended 31 December 2013

1 Revenue

	2013 Before refund provision £	2013 Refund provision £	2013 Total £	2012 Total £
Interest income	**12,587,794**	**-**	**12,587,794**	16,938,928
Gain on revaluation of loans and receivables	**3,179,993**	**(1,114,822)**	**2,065,171**	1,396,975
	15,767,787	**(1,114,822)**	**14,652,965**	18,335,903

The refund provision relates to current and previous years customer overpayments for which a provision for refund and the related administrative costs has been made.

2 Other operating (expenses)/income

	2013 Before restructuring adjustments £	2013 Restructuring adjustments £	2013 Total £	2012 Total £
Collection commission	**(3,206,310)**	**-**	**(3,206,310)**	(4,290,884)
Legal, tracing and enforcement costs	**(1,801,208)**	**-**	**(1,801,208)**	(2,319,665)
Other operating (expenses)/income	**(1,032,021)**	**6,097,167**	**5,065,146**	(10,459,354)
	(6,039,539)	**6,097,167**	**57,628**	(17,069,903)

Restructuring adjustments in 2013 arise following the acquisition of the Company by Hoist Finance UK Limited on 8 August 2013. In 2012, the restructuring costs arose as a result of complying with the requirements of the Creditor Scheme following the restructuring of the Cattles Group which became effective in March 2011:

	2013 £	2012 £
Bank creditor	**(3,282,878)**	(9,093,098)
Restructuring costs	**(179,165)**	(276,597)
Profit on transfer of purchase debt portfolio	**9,559,210**	-
	6,097,167	(9,369,695)

Notes to the financial statements for the year ended 31 December 2013 (continued)

2 Other operating (expenses)/income (continued)

Bank creditor is the continued recognition of the Company's liability arising from the Co-guarantors Compromise Deed requirement that the aggregate value of all Deed Claims against the Company shall be limited to the Estimated Realisable Value of the Company up to the date of disposal. Restructuring costs include the cost of the Deed Administrator's and Creditors' Committee fees. As part of the acquisition by Hoist Finance UK Limited, all of the guaranteed bank creditors were settled and therefore the remaining balance was released to the income statement. Following the acquisition by Hoist Finance UK Limited, a restructure exercise was undertaken and on 13 December 2013 the purchased debt portfolios were assigned to a fellow group undertaking for fair value and the excess valuation over the book value has been recognised in the Income Statement.

3 Auditor's remuneration

The remuneration charged by the auditor for audit services for the years ended 31 December 2013 and 2012 was borne by a subsidiary undertaking. Non-audit fees relating to deed administration costs whilst the Company was part of the Cattles Group amounted to £179,165 and were incurred prior to KPMG being appointed auditor.

4 Staff costs and directors' emoluments

The Company has no employees. Consequently the Company did not incur any staff costs during the year (2012: £nil).

The directors receive no emoluments in respect of their services to the Company (2012: £nil).

5 Taxation

Analysis of charge in the year	2013 £	2012 £
Current tax:		
UK corporation tax at 23.25% (2012: 24.5%)	**1,786,382**	1,269,310
Adjustments in respect of previous years	-	(3,764)
Total current tax charge	**1,786,382**	1,265,546
Deferred tax:		
Origination and reversal of temporary differences	**5,269**	-
Change in tax rate	**(56)**	454
Total deferred tax charge (note 8)	**5,213**	454
Total tax charge in the income statement	**1,791,595**	1,266,000

The rate of tax for the year is 23.25% (2012: 24.5%) and represents a blended tax rate following the reduction in the rate of corporation tax from 24% to 23% which was effective from 1 April 2013. Deferred tax has been recognised at 20% (2012: 23%).

Notes to the financial statements for the year ended 31 December 2013 (continued)

5 Taxation (continued)

The tax charge for the year is lower (2012: higher) than the tax on the profit before taxation at the standard rate for the reasons set out in the following reconciliation:

	2013 £	2012 £
Profit before taxation	**14,924,984**	1,266,000
Tax on profit at 23.25% (2012: 24.5%)	**3,469,548**	310,135
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	**763,117**	2,228,484
Effect of group relief claimed for less than standard rate of corporation tax	**(2,441,014)**	(1,269,309)
Adjustments in respect of previous periods	**-**	(3,764)
Change in tax rate	**(56)**	454
Total tax charge for the year	**1,791,595**	1,266,000

6 Loans and receivables

	2013 £	2012 £
Purchased debt portfolios	**-**	71,862,443
Intra-group receivables	**68,857,098**	-
	68,857,098	71,862,443
Comprising:		
Non-current assets	**68,857,098**	46,288,460
Current assets	**-**	25,573,983
	68,857,098	71,862,443

As part of the post-acquisition restructure by Hoist Finance UK, on 13 December 2013 the purchased debt portfolios were assigned to a fellow group undertaking for value. The consideration for this assignment was satisfied by a loan agreement between the two entities. This loan is repayable by the fifth anniversary of the assignment. The loan attracts interest at a commercial rate and the loan is guaranteed by Hoist Kredit AB. In the previous year, the purchased debt portfolios were shown inclusive of the revaluation gain made in the year of £1,396,975.

Maximum exposure to credit risk
The Company's policies and procedures in place to manage its exposure to credit risk are explained in note 13.

Notes to the financial statements for the year ended 31 December 2013 (continued)

7 Investments in subsidiary undertakings

The Company owns the whole of the ordinary share capital issued by The Lewis Group Limited, a trading company incorporated in Scotland. As a result of the restructuring on 2 March 2011 economic interest in that subsidiary was transferred to certain of the Company's then creditors under the scheme of arrangement. The carrying value of the investment is therefore shown in the Company balance sheet as £nil (2012: £nil).

8 Deferred tax assets

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2012: 23%).

The Company has not recognised a deferred tax asset on losses and other timing differences of £nil (2012: £22,667) in the financial statements, as it is not considered probable that future taxable profits will be available against which this asset can be utilised.

The movements in the deferred tax account are shown below:

	Tax losses available £	Total £
At 1 January 2012	5,667	5,667
Recognised in income statement	(454)	(454)
At 1 January 2013	5,213	5,213
Recognised in income statement	(5,213)	(5,213)
At 31 December 2013	-	-

9 Trade and other receivables

	2013 £	2012 £
Intra-group receivables	-	938,931

10 Borrowings

Financial liabilities measured at amortised cost:	2013 £	2012 £
Current		
Intra-group borrowings	**21,509,298**	22,000,351
Corporation tax	**1,786,382**	-
	23,295,680	22,000,351
Non-current		
Bank creditor	-	29,145,151
Intra-group borrowings	-	21,661,085
	-	50,806,236

In the previous year, the bank creditor reflects the Company's liability arising from the Co-guarantors Compromise Deed requirement that the aggregate value of all Deed Claims against the Company shall be limited to the Estimated Realisable Value of the Company. As such, a bank creditor had been recognised, so reducing the net assets of the Company to its Estimated Realisable Value at the balance sheet date. This requirement ceased when the Co-guarantors Compromise Deed ended immediately prior to the sale and purchase agreement between Hoist Finance UK Limited and the vendor, Lewis Group Holdings Limited.

The intra-group borrowing is expected to be repaid within one year.

11 Share capital

	Authorised, allotted, called up and fully paid			
	2013		2012	
	Number	**£**	Number	£
Ordinary shares of £1 each	**1,001**	**1,001**	1,001	1,001

Voting rights
On a show of hands every ordinary shareholder who is present in person at a general meeting of the Company and every proxy appointed by an ordinary shareholder and present at a general meeting of the Company shall have one vote and on a poll every ordinary shareholder who is present in person or by proxy shall have one vote for every share held.

11 Share capital (continued)

Dividends
Ordinary shareholders shall be entitled to receive such dividend as the Company by ordinary resolution may from time to time declare as a final dividend (such dividend not to exceed the amount recommended by the Board) or as the Board may from time to time declare as an interim dividend.

Return of capital on a winding-up
Ordinary shareholders are entitled to participate in any surplus assets on the winding-up of the Company in proportion to their shareholdings.

12 Reconciliation of profit before taxation to cash inflow from operations

	2013 £	2012 £
Profit before taxation	**14,924,984**	1,266,000
Adjustments for:		
Decrease in loans and receivables	**71,862,443**	19,586,426
Increase in bank creditor	**3,282,878**	9,096,861
Increase in intra-group balance	**(68,857,098)**	-
Inter-company group relief	-	(1,269,309)
Cash inflow from operations	**21,213,207**	28,679,978

13 Financial risk management

Credit risk
Up to the date of the assignment of the debt portfolios in December 2013, the Company had an established and experienced risk team, responsible for performing the detailed analytical work needed to segment and value portfolios. The valuation models used have evolved over time and are capable of performing multi-dimensional analysis of very large portfolios. The risk team was responsible for monitoring collections performance post-acquisition. A suite of reports have been used to assist in this monitoring process. The performance of each portfolio was monitored and reported on a monthly basis with major portfolios being subject to additional formal review meetings on a quarterly basis. Data from actual collections was fed back into the valuation models as appropriate.

Interest rate risk
Following Scheme Effective Date on 2 March 2011, when the Company was part of the Cattles Group and in accordance with the Co-guarantors Compromise Deed, the Company has previously recognised a liability to its guaranteed bank creditors, on which no interest is incurred. Following the acquisition by Hoist, this liability was released in full.

Liquidity risk
Liquidity risk is the risk to earnings or capital arising from an inability to meet obligations when they become due, without incurring unexpected or unacceptable losses. It includes the risk of inability to manage unplanned decreases or changes in funding sources and also any failure to recognise and address changes in market conditions that could affect the Company's ability to liquidate assets quickly, with minimum value loss, if necessary.

13 Financial risk management (continued)

Capital risk
As a consequence of the restructure explained in the going concern section of the Directors' Report capital risk is not considered relevant or significant enough to justify its own category.

Collateral
As referred to in note 6, the Company is in receipt of a guarantee from Hoist Kredit AB for the £68.9m receivable from another Hoist entity.

14 Financial instruments

Fair values of non-derivative financial instruments
The carrying value of the Company's financial instruments (being loans and advances to customers, trade and other receivables, cash and cash equivalents, bank creditor, trade and other payables, obligations under finance leases and hire purchase contracts and intra-group loans and receivables) approximate to their fair value.

15 Related party transactions

Related party transactions
The Company entered into a number of related party transactions during the year as outlined below:

- The Company employed the debt collection services of a fellow subsidiary undertaking for which a fee was levied. This fee was derived on an arm's length basis.
- The Company received group corporation tax relief at nil% (2012: 50%) consideration on the amounts surrendered from a fellow group company.
- The Company received finance income on a loan following the transfer of the purchased debt portfolios to a fellow group subsidiary. The loan bears interest at a commercial rate.

	2013	2012
	£	£
Repayment of inter-company borrowings	-	29,955,866
Finance income	**214,391**	-
Debt collection fees	**3,692,080**	4,395,125
Group relief claimed	**2,441,014**	1,269,309

Receivables due from and payables to other group companies are disclosed in notes 9 and 10 respectively.

There is no key management compensation since the Company has no employees and the directors' emoluments are borne by a subsidiary undertaking.

Notes to the financial statements for the year ended 31 December 2013 (continued)

15 Related party transactions (continued)

Ultimate parent undertaking

On the 8 August 2013, the Company was acquired by Hoist Finance UK Limited. The ultimate parent undertaking is Hoist International AB, a company registered in Sweden.

Copies of the group accounts are available on request from Hoist International AB, PO Box 7848, 10399 Stockholm, Sweden.

Up to the date of acquisition and as a consequence of the then group's restructuring which became effective in March 2011, operating and financial policy was set by the operation of the various Schemes and other legal arrangements put in place, and as such, the voting rights over the Company held by its shareholders did not influence the strategic direction of the Company. Therefore, the Company neither had a parent or ultimate parent undertaking, nor did it have a controlling related party.

16 Post balance sheet events

To the best of the Board's knowledge, no significant events have occurred since the end of the reporting period.