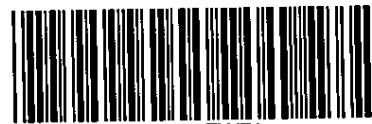


**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2008**

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**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**COMPANY INFORMATION**

|                          |                                                                     |
|--------------------------|---------------------------------------------------------------------|
| <b>Director</b>          | M D Cunningham                                                      |
| <b>Company secretary</b> | Hazlitt Nominees Limited                                            |
| <b>Company number</b>    | 4718090                                                             |
| <b>Registered office</b> | 7 Bath Place<br>London<br>EC2A 3DR                                  |
| <b>Auditors</b>          | PKF (UK) LLP<br>Pannell House<br>6 Queen Street<br>Leeds<br>LS1 2TW |

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

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## **INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2008**

The director presents his report and the financial statements for the year ended 30 June 2008.

#### **Principal activities**

The principal activity of the company during the year was that of a holding company. The group's principal activity during the year was the provision of finance to consumer through personal loans.

#### **Business review**

The company provides finance to consumers to either purchase specific goods or for general purposes. The company operated over a diverse geographical area being Australia, New Zealand, United Kingdom, Ireland, Spain and Italy. The results of this individual company are therefore dependent on the performance of its receivable portfolios in each geographical location.

The Australian, New Zealand, Irish and UK receivables companies made a positive contribution to the group during the financial year ending June 2008. However, the Italian and Spanish receivables were placed in run down or liquidation phase by the directors of the company after assessing increased market risk in early 2007 and as a result losses relating to these geographical locations materially impacted results in the year to June 2008 as contractual bad debts were brought to account under a conservative accounting policy.

The accounting for bad debts relating to the run-down of the Italian and Spanish receivables has continued on a strict contractual bad debt write-off basis so as to maintain a strict discipline on the run-down. This policy supports a conservative and "worst" case scenario at each point of the run-down process and provides all stakeholders (Shareholders, creditors and financial institutions) with a conservative position throughout the run-down phase.

This contractual bad debt policy inevitably leads to a large loss scenario in the initial phase of any run-down which is then followed by a "recovery" process/phase at the tail of the run-down as those bad debts that have been written off to zero are recovered and either paid out in full or become receivable and recovered under policy. However, the directors and management believe that it is prudent in these circumstances to potentially understate the Italian and Spanish receivable for accounting and reporting purposes as any recovery asset that could be brought to account would need to be estimated on an arbitrary basis. This valuation judgement again leads to potential overstatement of assets.

The results to 30 June 2009 suggest that the recovery stage is slowly emerging in the Italian and Spain Receivables with a reduction in bad debts, increased recoveries and the collection of outstanding fees and charges owed throughout this period. The directors remain cautiously optimistic that the predicted surplus will emerge in the year to 30 June 2010 (FY 2010) and beyond based upon the ongoing profits of the UK business and new business opportunities that have emerged through the group's Italian collection business.

The current economic conditions have seen a deterioration in global debt markets and this will impact the ability to expand the UK business in FY 2010.

In common with all financial institutions, the group is affected by numerous risk factors.

The principal risks to the group involve relate to financial markets and the general state of the economy and the ability for consumers to repay loans.

The availability of wholesale funds and the ability to renew and/or obtain new sources of funds is crucial to the ongoing operation of the business. The directors believe that with the current Barclays facility due for renewal in September 2010 combined with the current state of financial markets will restrict the ability for the Company to grow its UK business in the next 12 months and that the negative sentiment with the UK banking sector towards consumer finance has the potential to impact the ongoing operation of this business.

The general economic conditions in the economy relating to interest rates, cost of living and unemployment can affect the ability of the group's customers to repay loans on contractual terms. While the Directors have not observed any material effects of the current global economic downturn there exist risks associated in all the group's markets.

## **INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2008**

Other risks, currently regarded as immaterial, could turn out to be material and all risks have the potential to impact on the business, revenue, profits, assets, liquidity and capital resources adversely.

#### **Results**

The loss for the year, after taxation, amounted to £1,088,475 (2007 - loss £362,412).

#### **Director**

The director who served during the year was:

M D Cunningham

#### **Financial instruments**

The company's financial instruments represent borrowings from financial institutions. These borrowings are not exposed to material exchange rate risk as local currency borrowings are secured by local currency receivables balances. The group does not use hedge accounting as a natural hedge exists in relation to these borrowings.

The company has risks relating to its financial instruments relating to interest, price risk and liquidity risk. The directors believe the current global economic crisis has reduced the risks relating to interest rates as global interest rates have reduced materially during the past 12 months.

However, the directors believe that potential material risks relating to the pricing and liquidity exist in relation to its borrowings with financial institutions due to the costs associated with borrowings from financial institutions and the reduction in the availability of wholesale funds. The costs of wholesale funds has increased materially in the last 12 months.

#### **Provision of information to auditors**

The director at the time when this Director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 30 JUNE 2008**

**Post balance sheet events**

In September 2008, the Company agreed that the consideration of the vendor finance amount of A\$200,000 due to Mike Cunningham in relation to the purchase of International Acceptance Pty Limited ("the Australian and New Zealand business") be cancelled, and that the 410 shares of International Acceptance Pty Limited be transferred to an entity wholly owned by Mike Cunningham, Tremar Capital Pty Limited. This will result in a profit on disposal within the group in the financial year to 30 June 2009 as a result of the amortisation charges posted to that date.

This report was approved by the board on 2 November 2009 and signed on its behalf.



**M D Cunningham**  
Director

## **INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2008**

The director is responsible for preparing the Annual report and the financial statements and other information included in Annual reports in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements and other information included in Annual reports for each financial year. Under that law the director has elected to prepare the financial statements and other information included in Annual reports in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements and other information included in Annual reports are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements and other information included in Annual reports, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements and other information included in Annual reports on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements and other information included in Annual reports comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Annual reports may differ from legislation in other jurisdictions.

## **INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

We have audited the group and parent company financial statements ('the financial statements') of International Acceptance (Holdings) Limited for the year ended 30 June 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL ACCEPTANCE  
(HOLDINGS) LIMITED**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2008 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

**Emphasis of matter - Going concern**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1.1 to the financial statements concerning the group and company's ability to continue as a going concern. There is significant uncertainty over the availability of the required funding from the group's principal bankers going forward, due to the existing facility only running until September 2010 and being conditional on scheduled repayments being met at a prescribed rate during the period. This condition, along with other matters explained in note 1.1 to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt on the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

**PKF (UK) LLP**

**PKF (UK) LLP**

Registered auditors

Leeds, UK

Date: 6 NOVEMBER 2009

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2008**

|                                                    | Note | 2008<br>£          | 2007<br>£          |
|----------------------------------------------------|------|--------------------|--------------------|
| <b>TURNOVER</b>                                    | 1    | <b>6,881,304</b>   | <b>8,525,761</b>   |
| Administrative expenses                            |      | <b>(5,414,503)</b> | <b>(6,214,218)</b> |
| Exceptional administrative expenses                |      | <b>(80,354)</b>    | <b>(122,353)</b>   |
| Total administrative expenses                      |      | <b>(5,494,857)</b> | <b>(6,336,571)</b> |
| <b>OPERATING PROFIT</b>                            | 3    | <b>1,386,447</b>   | <b>2,189,190</b>   |
| Interest payable                                   | 6    | <b>(2,512,557)</b> | <b>(2,539,723)</b> |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>(1,126,110)</b> | <b>(350,533)</b>   |
| Tax on loss on ordinary activities                 | 7    | <b>37,635</b>      | <b>(11,879)</b>    |
| <b>LOSS FOR THE FINANCIAL YEAR</b>                 | 16   | <b>(1,088,475)</b> | <b>(362,412)</b>   |

All amounts relate to continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 2008**

|                                                                   | <b>2008</b>               | <b>2007</b>             |
|-------------------------------------------------------------------|---------------------------|-------------------------|
|                                                                   | <b>£</b>                  | <b>£</b>                |
| <b>LOSS FOR THE FINANCIAL YEAR</b>                                | <b>(1,088,475)</b>        | <b>(362,412)</b>        |
| Foreign exchange loss                                             | <u>(86,073)</u>           | <u>-</u>                |
| <b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO<br/>THE YEAR</b> | <b><u>(1,174,548)</u></b> | <b><u>(362,412)</u></b> |

The notes on pages 12 to 24 form part of these financial statements.

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

*Registered number : 4718090*

**CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2008**

|                                                                | Note | £                   | 2008<br>£           | £                   | 2007<br>£           |
|----------------------------------------------------------------|------|---------------------|---------------------|---------------------|---------------------|
| <b>FIXED ASSETS</b>                                            |      |                     |                     |                     |                     |
| Intangible fixed assets                                        | 8    |                     | 995,878             |                     | 1,116,590           |
| Tangible fixed assets                                          | 9    |                     | 87,689              |                     | 234,716             |
|                                                                |      |                     | <u>1,083,567</u>    |                     | <u>1,351,306</u>    |
| <b>CURRENT ASSETS</b>                                          |      |                     |                     |                     |                     |
| Debtors                                                        | 11   | 24,359,683          |                     | 33,763,221          |                     |
| Cash at bank and in hand                                       |      | 931,305             |                     | 670,257             |                     |
|                                                                |      | <u>25,290,988</u>   |                     | <u>34,433,478</u>   |                     |
| <b>CREDITORS: amounts falling due within one year</b>          | 12   | <u>(14,448,606)</u> |                     | <u>(19,132,159)</u> |                     |
| <b>NET CURRENT ASSETS</b>                                      |      |                     | <u>10,842,382</u>   |                     | <u>15,301,319</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                     | <u>11,925,949</u>   |                     | <u>16,652,625</u>   |
| <b>CREDITORS: amounts falling due after more than one year</b> | 13   |                     | <u>(13,586,732)</u> |                     | <u>(17,142,006)</u> |
| <b>NET LIABILITIES</b>                                         |      |                     | <u>(1,660,783)</u>  |                     | <u>(489,381)</u>    |
| <b>CAPITAL AND RESERVES</b>                                    |      |                     |                     |                     |                     |
| Called up share capital                                        | 15   |                     | 200                 |                     | 200                 |
| Other reserves                                                 | 16   |                     | 3,146               |                     | -                   |
| Profit and loss account                                        | 16   |                     | <u>(1,664,129)</u>  |                     | <u>(489,581)</u>    |
| <b>SHAREHOLDERS' DEFICIT</b>                                   | 17   |                     | <u>(1,660,783)</u>  |                     | <u>(489,381)</u>    |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 November 2009.

  
**M D Cunningham**  
Director

The notes on pages 12 to 24 form part of these financial statements.

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

*Registered number: 4718090.*

**COMPANY BALANCE SHEET  
AS AT 30 JUNE 2008**

|                                                                | Note | £                  | 2008<br>£          | £                   | 2007<br>£           |
|----------------------------------------------------------------|------|--------------------|--------------------|---------------------|---------------------|
| <b>FIXED ASSETS</b>                                            |      |                    |                    |                     |                     |
| Fixed asset investments                                        | 10   |                    | <b>488,108</b>     |                     | 488,108             |
| <b>CURRENT ASSETS</b>                                          |      |                    |                    |                     |                     |
| Debtors                                                        | 11   | <b>14,947,210</b>  |                    | 22,965,312          |                     |
| Cash at bank                                                   |      | <b>9,660</b>       |                    | 21,714              |                     |
|                                                                |      | <b>14,956,870</b>  |                    | <b>22,987,026</b>   |                     |
| <b>CREDITORS: amounts falling due within one year</b>          | 12   | <b>(8,793,850)</b> |                    | <b>(11,907,608)</b> |                     |
| <b>NET CURRENT ASSETS</b>                                      |      |                    | <b>6,163,020</b>   |                     | 11,079,418          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                    | <b>6,651,128</b>   |                     | 11,567,526          |
| <b>CREDITORS: amounts falling due after more than one year</b> | 13   |                    | <b>(7,329,168)</b> |                     | <b>(12,319,287)</b> |
| <b>NET LIABILITIES</b>                                         |      |                    | <b>(678,040)</b>   |                     | <b>(751,761)</b>    |
| <b>CAPITAL AND RESERVES</b>                                    |      |                    |                    |                     |                     |
| Called up share capital                                        | 15   |                    | <b>200</b>         |                     | 200                 |
| Profit and loss account                                        | 16   |                    | <b>(678,240)</b>   |                     | <b>(751,961)</b>    |
| <b>SHAREHOLDERS' DEFICIT</b>                                   | 17   |                    | <b>(678,040)</b>   |                     | <b>(751,761)</b>    |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
2 November 2009



**M D Cunningham**  
Director

The notes on pages 12 to 24 form part of these financial statements.

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

|                                                 | <b>Note</b> | <b>2008<br/>£</b> | <b>2007<br/>£</b>  |
|-------------------------------------------------|-------------|-------------------|--------------------|
| Net cash flow from operating activities         | 18          | 11,459,421        | 8,541,478          |
| Returns on investments and servicing of finance | 19          | (2,512,557)       | (2,539,723)        |
| Taxation                                        | 19          | 454               | (13,976)           |
| Capital expenditure and financial investment    | 19          | (108,398)         | (57,333)           |
| Acquisitions and disposals                      | 19          | -                 | 178,794            |
| <b>CASH INFLOW BEFORE FINANCING</b>             |             | <b>8,838,920</b>  | <b>6,109,240</b>   |
| Financing                                       | 19          | (8,305,930)       | (7,151,359)        |
| <b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>  |             | <b>532,990</b>    | <b>(1,042,119)</b> |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 30 JUNE 2008**

|                                                        | <b>2008<br/>£</b>   | <b>2007<br/>£</b>   |
|--------------------------------------------------------|---------------------|---------------------|
| Increase/(Decrease) in cash in the year                | 532,990             | (1,042,119)         |
| Cash outflow from decrease in debt and lease financing | 8,305,930           | 7,151,359           |
| <b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>    | <b>8,838,920</b>    | <b>6,109,240</b>    |
| Loans acquired with subsidiaries                       | -                   | (9,964,714)         |
| Other non-cash changes                                 | (82,949)            | -                   |
| <b>MOVEMENT IN NET DEBT IN THE YEAR</b>                | <b>8,755,971</b>    | <b>(3,855,474)</b>  |
| Net debt at 1 July 2007                                | (33,248,082)        | (29,392,608)        |
| <b>NET DEBT AT 30 JUNE 2008</b>                        | <b>(24,492,111)</b> | <b>(33,248,082)</b> |

The notes on pages 12 to 24 form part of these financial statements.

## INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

At the balance sheet date the group had net liabilities of £1,660,783 (2007: £489,381).

In September 2006 the European group was strengthened when IA Holdings Limited acquired the operation in Australia and New Zealand for a consideration of £80k. The results of this acquisition had a positive impact on the consolidated group results for the year ended 30 June 2008, generating profits of £132k in the accounts to 30 June 2007 and profits of £25k in the results to 30 June 2008, before the disposal of these operations in October 2008.

In May 2007 a decision was taken to cease any new business in Italy and Spain and to run down the group's operations in these markets. The intention of the director is to concentrate on maintaining a constant level of UK business in 2009 in light of the current uncertain economic conditions.

The results for the group in the unaudited management accounts to June 2009 show a loss for the year of £388k, followed by a further loss, per the unaudited management accounts for the period to September 2009. This is broadly in line with the expectations of the director due to the heavy losses expected in early stages of the "run-down" process as debtor balances are provided against on a basis which the directors consider will eventually lead to some recovery from debts fully provided against/ written off. A cash surplus due to the shareholders is expected at the end of the collection process after repayment of all the group's bank loan funding, according to the forecasts prepared by the management of the group.

The director has prepared trading and cashflow forecasts for the group for the period to August 2013 following the change in operations in Italy and Spain. These forecasts incorporate the following assumptions:-

- a) The facilities provided by the group's clearing bankers (amounting at the date of signing of the financial statements to £3 million plus the existing € facility which is being paid down over time, with an expiry date of September 2010) are continued at a level sufficient to allow an orderly run down of loan balances as described above;
- b) A £3 million loan, which is subordinated to the amounts due to the group's clearing bankers, will remain in place throughout the period.
- c) The amount of £0.7m due to G&C Private Equity Limited will not be repaid for a period of at least twelve months from the date of signing of the financial statements based upon the continued funding to the group by both the group's clearing bankers and other loan provider for at least twelve months from the date of approval of the financial statements (an undertaking to this effect has been provided by G&C Private Equity Limited). Under the current Loan Agreement dated 13 August 2009, no repayments are required until 31 December 2015.

Based on the above assumptions, the director believes these forecasts to be realistic and, consequently, has prepared the financial statements on the going concern basis which assumes that the group and company will continue in operational existence for the foreseeable future.

If any of the above assumptions prove to be inaccurate, the going concern basis might not be appropriate, and the financial statements do not contain any adjustments which might prove necessary as a consequence thereof.

##### 1.2 Basis of consolidation

The financial statements consolidate the accounts of International Acceptance (Holdings) Limited and all of its subsidiary undertakings ('subsidiaries').

## INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### 1. ACCOUNTING POLICIES (continued)

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### 1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Consolidated profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

|          |   |     |               |
|----------|---|-----|---------------|
| Goodwill | - | 10% | straight line |
|----------|---|-----|---------------|

##### 1.5 Tangible fixed assets and depreciation

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

|                     |   |     |               |
|---------------------|---|-----|---------------|
| Plant & machinery   | - | 20% | straight line |
| Fixtures & fittings | - | 20% | straight line |
| Office equipment    | - | 20% | straight line |
| Computer equipment  | - | 25% | straight line |
| Software - Lynx     | - | 33% | straight line |

##### 1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

##### 1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 1.8 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.



## **INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### **1.10 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Consolidated profit and loss account.

##### **1.11 Commissions**

Commissions payable are capitalised and written off over the expected life of the loans provided.

##### **1.12 Loans and advances**

Loans and advances are recognised at recoverable amount, after assessing required provisions for impairment. Impairment of a loan is recognised when there is a reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans and by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

The loan interest is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the last day of each month. All loans are assessed on an individual basis.

Bad debts are written off when they are 6 months contractually in arrears, death, bankruptcy or skip. No provision for impairment has been recognised, therefore write-offs for bad debts are recognised as expenses in the profit and loss account.

# INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 2. TURNOVER

The whole of the turnover is attributable to the provision of consumer finance.

A geographical analysis of turnover is as follows:

|                        | 2008<br>£        | 2007<br>£        |
|------------------------|------------------|------------------|
| United Kingdom         | 895,398          | 1,103,806        |
| Rest of European Union | 3,123,244        | 5,359,592        |
| Rest of world          | 2,862,662        | 2,062,363        |
|                        | <u>6,881,304</u> | <u>8,525,761</u> |

### 3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

|                                        | 2008<br>£                   | 2007<br>£                   |
|----------------------------------------|-----------------------------|-----------------------------|
| Amortisation - intangible fixed assets | 120,712                     | 90,534                      |
| Depreciation of tangible fixed assets: |                             |                             |
| - owned by the group                   | 175,715                     | 121,248                     |
| - held under finance leases            | 72,626                      | 41,566                      |
| Auditors' remuneration                 | 78,909                      | 68,705                      |
| Operating lease rentals:               |                             |                             |
| - other operating leases               | 133,944                     | 133,950                     |
| Difference on foreign exchange         | (189,972)                   | 33,378                      |
| Exceptional administrative expenses    | 80,354                      | 122,353                     |
|                                        | <u>                    </u> | <u>                    </u> |

The exceptional administrative expenses relate to redundancy costs.

### 4. STAFF COSTS

Staff costs, including director's remuneration, were as follows:

|                       | Group            |                  | Company   |           |
|-----------------------|------------------|------------------|-----------|-----------|
|                       | 2008<br>£        | 2007<br>£        | 2008<br>£ | 2007<br>£ |
| Wages and salaries    | 1,128,209        | 1,580,611        | -         | -         |
| Social security costs | 113,594          | 163,721          | -         | -         |
|                       | <u>1,241,803</u> | <u>1,744,332</u> | <u>-</u>  | <u>-</u>  |

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

|                | Group                       |                             | Company                     |                             |
|----------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                | 2008<br>No.                 | 2007<br>No.                 | 2008<br>No.                 | 2007<br>No.                 |
| Administration | 52                          | 84                          | 0                           | 0                           |
|                | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**5. DIRECTOR'S REMUNERATION**

|            | <b>2008</b> | <b>2007</b>   |
|------------|-------------|---------------|
|            | <b>£</b>    | <b>£</b>      |
| Emoluments | <u>-</u>    | <u>59,775</u> |

**6. INTEREST PAYABLE**

|                                               | <b>2008</b>             | <b>2007</b>      |
|-----------------------------------------------|-------------------------|------------------|
|                                               | <b>£</b>                | <b>£</b>         |
| On other loans                                | <b>2,506,150</b>        | 2,532,296        |
| On finance leases and hire purchase contracts | <b>6,407</b>            | 7,427            |
|                                               | <u><b>2,512,557</b></u> | <u>2,539,723</u> |

**7. TAXATION**

|                                                | <b>2008</b>            | <b>2007</b>          |
|------------------------------------------------|------------------------|----------------------|
|                                                | <b>£</b>               | <b>£</b>             |
| <b>Analysis of tax charge in the year</b>      |                        |                      |
| <b>Current tax</b> (see note below)            |                        |                      |
| Foreign tax on income for the year             | <u>2,411</u>           | <u>2,787</u>         |
| <b>Deferred tax</b> (see note 14)              |                        |                      |
| Origination and reversal of timing differences | <u>(40,046)</u>        | <u>9,092</u>         |
| <b>Tax on loss on ordinary activities</b>      | <u><b>(37,635)</b></u> | <u><b>11,879</b></u> |

# INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 7. TAXATION (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2007 - higher than) the standard rate of corporation tax in the UK (21%). The differences are explained below:

|                                                                                                          | 2008<br>£    | 2007<br>£    |
|----------------------------------------------------------------------------------------------------------|--------------|--------------|
| Loss on ordinary activities before tax                                                                   | (1,126,110)  | (350,533)    |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2007 - 21%) | (236,483)    | (73,612)     |
| <b>Effects of:</b>                                                                                       |              |              |
| Expenses not deductible for tax purposes                                                                 | 33,359       | 19,468       |
| Capital allowances for year in excess of depreciation                                                    | 39,016       | 21,331       |
| Rate difference                                                                                          | (1,641)      | (1,604)      |
| Consolidation adjustment                                                                                 | 25,350       | 19,012       |
| Utilisation of losses brought forward                                                                    | (29,447)     | (57,551)     |
| Losses carried forward                                                                                   | 172,257      | 75,743       |
| <b>Current tax charge for the year (see note above)</b>                                                  | <b>2,411</b> | <b>2,787</b> |

#### Factors that may affect future tax charges

The group is carrying forward tax losses of approximately £820,000 at the year end. A deferred tax asset has not been fully recorded in respect of these due to the fact that sufficient profits to fully utilise these losses are not foreseen in the near future.

### 8. INTANGIBLE FIXED ASSETS

|                                 | Goodwill<br>£ |
|---------------------------------|---------------|
| <b>Group</b>                    |               |
| <b>Cost</b>                     |               |
| At 1 July 2007 and 30 June 2008 | 1,207,124     |
| <b>Amortisation</b>             |               |
| At 1 July 2007                  | 90,534        |
| Charge for the year             | 120,712       |
| At 30 June 2008                 | 211,246       |
| <b>Net book value</b>           |               |
| At 30 June 2008                 | 995,878       |
| At 30 June 2007                 | 1,116,590     |

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**9. TANGIBLE FIXED ASSETS**

|                       | <b>Furniture &amp;<br/>fittings,<br/>computer<br/>equipment<br/>and software<br/>£</b> |
|-----------------------|----------------------------------------------------------------------------------------|
| <b>Group</b>          |                                                                                        |
| <b>Cost</b>           |                                                                                        |
| At 1 July 2007        | 407,878                                                                                |
| Additions             | 108,398                                                                                |
| Disposals             | (17,604)                                                                               |
|                       | <hr/>                                                                                  |
| At 30 June 2008       | 498,672                                                                                |
|                       | <hr/>                                                                                  |
| <b>Depreciation</b>   |                                                                                        |
| At 1 July 2007        | 173,162                                                                                |
| Charge for the year   | 248,341                                                                                |
| On disposals          | (10,520)                                                                               |
|                       | <hr/>                                                                                  |
| At 30 June 2008       | 410,983                                                                                |
|                       | <hr/>                                                                                  |
| <b>Net book value</b> |                                                                                        |
| At 30 June 2008       | 87,689                                                                                 |
|                       | <hr/>                                                                                  |
| At 30 June 2007       | 234,716                                                                                |
|                       | <hr/>                                                                                  |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

|                                                       | <b>2008<br/>£</b> | <b>2007<br/>£</b> |
|-------------------------------------------------------|-------------------|-------------------|
| <b>Group</b>                                          |                   |                   |
| Furniture & fittings, computer equipment and software | 33,282            | 77,683            |
|                                                       | <hr/>             | <hr/>             |

**10. FIXED ASSET INVESTMENTS**

|                                 | <b>Shares in<br/>group under-<br/>takings<br/>£</b> |
|---------------------------------|-----------------------------------------------------|
| <b>Company</b>                  |                                                     |
| <b>Cost or valuation</b>        |                                                     |
| At 1 July 2007 and 30 June 2008 | 488,108                                             |
|                                 | <hr/>                                               |

Details of the principal subsidiaries can be found under note number 24.

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**11. DEBTORS**

|                                     | <b>Group</b>      |                   | <b>Company</b>    |                   |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | <b>2008</b>       | <b>2007</b>       | <b>2008</b>       | <b>2007</b>       |
|                                     | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          |
| <b>Due after more than one year</b> |                   |                   |                   |                   |
| Trade debtors                       | 4,247,802         | 15,731,917        | -                 | -                 |
| Amounts owed by group undertakings  | -                 | -                 | 14,946,245        | 22,927,701        |
| <b>Due within one year</b>          |                   |                   |                   |                   |
| Trade debtors                       | 19,727,758        | 17,609,990        | -                 | -                 |
| Amounts owed by group undertakings  | 62,021            | -                 | -                 | -                 |
| Other debtors                       | 171,376           | 304,254           | -                 | -                 |
| Prepayments and accrued income      | 55,923            | 62,326            | -                 | -                 |
| Deferred tax asset (see note 14)    | 94,803            | 54,734            | 965               | 37,611            |
|                                     | <b>24,359,683</b> | <b>33,763,221</b> | <b>14,947,210</b> | <b>22,965,312</b> |

**12. CREDITORS:  
Amounts falling due within one year**

|                                                                     | <b>Group</b>      |                   | <b>Company</b>   |                   |
|---------------------------------------------------------------------|-------------------|-------------------|------------------|-------------------|
|                                                                     | <b>2008</b>       | <b>2007</b>       | <b>2008</b>      | <b>2007</b>       |
|                                                                     | <b>£</b>          | <b>£</b>          | <b>£</b>         | <b>£</b>          |
| Bank loans and overdrafts                                           | 13,607,724        | 18,384,311        | 8,707,506        | 11,814,041        |
| Net obligations under finance leases<br>and hire purchase contracts | 3,071             | 50,902            | -                | -                 |
| Trade creditors                                                     | 179,464           | 156,148           | -                | -                 |
| Amounts owed to group undertakings                                  | 54,749            | -                 | -                | -                 |
| Corporation tax                                                     | 5,459             | 2,594             | -                | -                 |
| Social security and other taxes                                     | 82,195            | 50,503            | -                | -                 |
| Other creditors                                                     | 263,863           | 239,130           | 86,344           | 93,567            |
| Accruals and deferred income                                        | 252,081           | 248,571           | -                | -                 |
|                                                                     | <b>14,448,606</b> | <b>19,132,159</b> | <b>8,793,850</b> | <b>11,907,608</b> |

**13. CREDITORS:  
Amounts falling due after more than one year**

|                                                                     | <b>Group</b>      |                   | <b>Company</b>   |                   |
|---------------------------------------------------------------------|-------------------|-------------------|------------------|-------------------|
|                                                                     | <b>2008</b>       | <b>2007</b>       | <b>2008</b>      | <b>2007</b>       |
|                                                                     | <b>£</b>          | <b>£</b>          | <b>£</b>         | <b>£</b>          |
| Other loans                                                         | 715,000           | 715,000           | 715,000          | 715,000           |
| Bank loans                                                          | 11,097,621        | 14,765,055        | 6,516,956        | 11,590,935        |
| Net obligations under finance leases<br>and hire purchase contracts | -                 | 3,071             | -                | -                 |
| Amounts owed to group undertakings                                  | -                 | -                 | 97,212           | 13,352            |
| Other creditors                                                     | 1,774,111         | 1,658,880         | -                | -                 |
|                                                                     | <b>13,586,732</b> | <b>17,142,006</b> | <b>7,329,168</b> | <b>12,319,287</b> |

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**13. CREDITORS:**

**Amounts falling due after more than one year (continued)**

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

|                            | <b>Group</b> |             | <b>Company</b> |             |
|----------------------------|--------------|-------------|----------------|-------------|
|                            | <b>2008</b>  | <b>2007</b> | <b>2008</b>    | <b>2007</b> |
|                            | <b>£</b>     | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Between one and five years | -            | 3,071       | -              | -           |

**14. DEFERRED TAX ASSET**

|                                       | <b>Group</b> |             | <b>Company</b> |             |
|---------------------------------------|--------------|-------------|----------------|-------------|
|                                       | <b>2008</b>  | <b>2007</b> | <b>2008</b>    | <b>2007</b> |
|                                       | <b>£</b>     | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| At 1 July 2007                        | 54,757       | 63,826      | 37,611         | 21,245      |
| Released during/(charge for) the year | 40,046       | (9,092)     | (36,646)       | 16,366      |
| At 30 June 2008                       | 94,803       | 54,734      | 965            | 37,611      |

The deferred tax asset is made up as follows:

|                                | <b>Group</b> |             | <b>Company</b> |             |
|--------------------------------|--------------|-------------|----------------|-------------|
|                                | <b>2008</b>  | <b>2007</b> | <b>2008</b>    | <b>2007</b> |
|                                | <b>£</b>     | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Accelerated capital allowances | 64,523       | (12,168)    | -              | -           |
| Tax losses                     | 30,280       | 66,902      | 965            | 37,611      |
|                                | 94,803       | (54,734)    | 965            | 37,611      |

**15. SHARE CAPITAL**

|                                           | <b>2008</b> | <b>2007</b> |
|-------------------------------------------|-------------|-------------|
|                                           | <b>£</b>    | <b>£</b>    |
| <b>Authorised</b>                         |             |             |
| 1,000 Ordinary shares of £1 each          | 1,000       | 1,000       |
| <b>Allotted, called up and fully paid</b> |             |             |
| 200 Ordinary shares of £1 each            | 200         | 200         |

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**16. RESERVES**

|                            | <b>Other<br/>reserves<br/>£</b> | <b>Profit and<br/>loss account<br/>£</b> |
|----------------------------|---------------------------------|------------------------------------------|
| <b>Group</b>               |                                 |                                          |
| At 1 July 2007             |                                 | (489,581)                                |
| Loss for the year          |                                 | (1,088,475)                              |
| Movement on other reserves | 3,146                           |                                          |
| Other movements            |                                 | (86,073)                                 |
|                            | <u>3,146</u>                    | <u>(1,664,129)</u>                       |
| At 30 June 2008            |                                 |                                          |
|                            | <u>3,146</u>                    | <u>(1,664,129)</u>                       |
| <b>Company</b>             |                                 | <b>Profit and<br/>loss account<br/>£</b> |
| At 1 July 2007             |                                 | (751,961)                                |
| Profit for the year        |                                 | 73,721                                   |
|                            |                                 | <u>(678,240)</u>                         |
| At 30 June 2008            |                                 |                                          |

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

|                                                   | <b>2008<br/>£</b>  | <b>2007<br/>£</b> |
|---------------------------------------------------|--------------------|-------------------|
| <b>Group</b>                                      |                    |                   |
| Opening shareholders' deficit                     | (489,381)          | (126,969)         |
| Loss for the year                                 | (1,088,475)        | (362,412)         |
| Other recognised gains and losses during the year | (86,073)           | -                 |
| Movement on foreign currency reserve              | 3,146              | -                 |
|                                                   | <u>(1,660,783)</u> | <u>(489,381)</u>  |
| Closing shareholders' deficit                     |                    |                   |
|                                                   | <u>(1,660,783)</u> | <u>(489,381)</u>  |
| <b>Company</b>                                    | <b>2008<br/>£</b>  | <b>2007<br/>£</b> |
| Opening shareholders' deficit                     | (751,761)          | (195,622)         |
| Profit/ (Loss) for the year                       | 73,721             | (556,139)         |
|                                                   | <u>(678,040)</u>   | <u>(751,761)</u>  |
| Closing shareholders' deficit                     |                    |                   |

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own Profit and Loss Account.

The profit for the year dealt with in the accounts of the company was £73,721 (2007 - £556,139).



**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

|                                           | 2008<br>£         | 2007<br>£        |
|-------------------------------------------|-------------------|------------------|
| Operating profit                          | 1,386,447         | 2,189,190        |
| Amortisation of intangible fixed assets   | 120,712           | 90,534           |
| Depreciation of tangible fixed assets     | 248,341           | 162,814          |
| Loss on disposal of tangible fixed assets | 7,084             | 35,228           |
| Decrease in debtors                       | 9,443,607         | 4,966,353        |
| Increase in creditors                     | 253,230           | 1,097,359        |
|                                           | <hr/>             | <hr/>            |
| <b>Net cash inflow from operations</b>    | <b>11,459,421</b> | <b>8,541,478</b> |
|                                           | <hr/>             | <hr/>            |

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

|                                                                              | 2008<br>£          | 2007<br>£          |
|------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Returns on investments and servicing of finance</b>                       |                    |                    |
| Interest paid                                                                | (2,506,150)        | (2,532,296)        |
| Hire purchase interest                                                       | (6,407)            | (7,427)            |
|                                                                              | <hr/>              | <hr/>              |
| <b>Net cash outflow from returns on investments and servicing of finance</b> | <b>(2,512,557)</b> | <b>(2,539,723)</b> |
|                                                                              | <hr/>              | <hr/>              |
|                                                                              | 2008<br>£          | 2007<br>£          |
| <b>Taxation</b>                                                              |                    |                    |
| Corporation tax                                                              | 454                | (13,976)           |
|                                                                              | <hr/>              | <hr/>              |
|                                                                              | 2008<br>£          | 2007<br>£          |
| <b>Capital expenditure and financial investment</b>                          |                    |                    |
| Purchase of tangible fixed assets                                            | (108,398)          | (57,333)           |
|                                                                              | <hr/>              | <hr/>              |
|                                                                              | 2008<br>£          | 2007<br>£          |
| <b>Acquisitions and disposals</b>                                            |                    |                    |
| Purchase of fixed asset investments                                          | -                  | (79,901)           |
| Cash balances acquired                                                       | -                  | 258,695            |
|                                                                              | <hr/>              | <hr/>              |
| <b>Net cash inflow from acquisitions and disposals</b>                       | <b>-</b>           | <b>178,794</b>     |
|                                                                              | <hr/>              | <hr/>              |

**INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

|                                        | 2008<br>£          | 2007<br>£          |
|----------------------------------------|--------------------|--------------------|
| <b>Financing</b>                       |                    |                    |
| Repayment of loans                     | (8,255,028)        | (7,069,202)        |
| Repayment of other loans               | -                  | (19,917)           |
| Repayment of finance leases            | (50,902)           | (62,240)           |
| <b>Net cash outflow from financing</b> | <u>(8,305,930)</u> | <u>(7,151,359)</u> |

**20. ANALYSIS OF CHANGES IN NET DEBT**

|                                               | 1 July<br>2007<br>£ | Cash flow<br>£   | Other<br>non-cash<br>changes<br>£ | Exchange<br>Movement<br>£ | 30 June<br>2008<br>£ |
|-----------------------------------------------|---------------------|------------------|-----------------------------------|---------------------------|----------------------|
| Cash at bank and in hand:                     | 670,257             | 343,997          | -                                 | (82,949)                  | 931,305              |
| Bank overdraft                                | (212,521)           | 188,993          | -                                 | -                         | (23,528)             |
|                                               | <u>457,736</u>      | <u>532,990</u>   | <u>-</u>                          | <u>(82,949)</u>           | <u>907,777</u>       |
| <b>Debt:</b>                                  |                     |                  |                                   |                           |                      |
| Debts due within one year                     | (18,222,692)        | 4,635,425        | -                                 | -                         | (13,587,267)         |
| Debts falling due after more than<br>one year | (15,483,126)        | 3,670,505        | -                                 | -                         | (11,812,621)         |
| <b>Net debt</b>                               | <u>(33,248,082)</u> | <u>8,838,920</u> | <u>-</u>                          | <u>(82,949)</u>           | <u>(24,492,111)</u>  |

**21. OPERATING LEASE COMMITMENTS**

At 30 June 2008 the Group had annual commitments under non-cancellable operating leases as follows:

|                       | Land and buildings<br>2008<br>£ | 2007<br>£      |
|-----------------------|---------------------------------|----------------|
| <b>Group</b>          |                                 |                |
| <b>Expiry date:</b>   |                                 |                |
| Between 1 and 2 years | <u>-</u>                        | <u>133,950</u> |

**22. RELATED PARTY TRANSACTIONS**

At the year end the company owed £715,000 (2007 - £715,000) to G & C Private Equity Limited, the ultimate controlling party of the company.

The company has taken the exemption conferred by FRS8 to not disclose transactions with other group companies.

## INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### 23. CONTROLLING PARTY

The company is controlled by G & C Private Equity Limited, a company registered in Nevis, British West Indies.

#### 24. PRINCIPAL SUBSIDIARIES

The company's subsidiary undertakings are listed below. The principal activity of International Acceptance Limited, International Acceptance Finance Limited, International Acceptance Spa and International Acceptance Spain SL is the provision of consumer finance. International Acceptance (Operations) Limited is a service company responsible for the administration of group companies and was previously involved in the brokerage of personal finance products.

| Company name                                     | Country           | Percentage Shareholding | Description                   |
|--------------------------------------------------|-------------------|-------------------------|-------------------------------|
| International Acceptance (Operations) Limited    | England and Wales | 100                     | Ordinary shares of £1 each.   |
| International Acceptance Limited                 | England and Wales | 100                     | Ordinary shares of £1 each.   |
| International Acceptance (Finance) Limited       | Ireland           | 100                     | Ordinary shares of €1 each.   |
| International Acceptance Spain SL                | Spain             | 100                     | Ordinary shares of €1 each.   |
| International Acceptance Spa                     | Italy             | 100                     | Ordinary shares of €1 each.   |
| International Acceptance Pty (Australia) Limited | Australia         | 100                     | Ordinary shares of A\$1 each  |
| International Acceptance (NZ) Limited            | New Zealand       | 100                     | Ordinary shares of NZ\$1 each |
| International Acceptance Trust                   | Australia         | 100                     | Ordinary shares of A\$1 each  |

As per the disclosure contained in the Director's Report, International Acceptance Pty (Australia) Limited, International Acceptance (NZ) Limited, and International Acceptance Trust all ceased to be subsidiary companies in September 2008.