

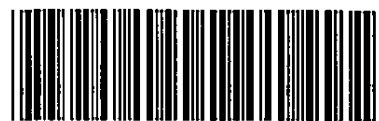
Registered number: 4718090

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

COMPANY INFORMATION

Director	M D Cunningham
Company secretary	Hazlitt Nominees Limited
Company number	4718090
Registered office	7 Bath Place London EC2A 3DR
Auditor	PKF (UK) LLP Pannell House 6 Queen Street Leeds LS1 2TW

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

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INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2010

The director presents his report and the financial statements for the year ended 30 June 2010

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's business activities, together with factors likely to affect its future development, performance and position have been considered by the Director. The financial position of the company, its cash flows, liquidity position and borrowing facilities have been described in the notes to the accounts.

As set out in the notes the current economic environment is difficult and the group has reported a loss in the current year. The collection strategy since 2007 to run down the European receivables was predicated on continuing support from Barclays Bank plc ("Barclays") as senior funder to support the continued origination of consumer loans in the United Kingdom. Profits from this business segment and the building of equity in that receivables pool were a critical element to a successful repayment of the Barclays and Investec plc ("Investec") facilities. Effective 31 December 2010 at Barclays' request the group ceased origination in the UK and is now in a collection phase for all receivable pools. Given the costs of maintaining foreign subsidiaries in the Mediterranean region and the reducing account balances in the overall pool, the Director considers that the outlook presents significant challenges in terms of a profitable collection and recovery phase. Measures have been instituted to preserve cash and secure continued support from Barclays and Investec however these circumstances create material uncertainties over future trading and cash flows.

It has previously been noted that the Kirby Distributors in Italy and Spain broke contractual arrangements with the company causing loss in 2007. Litigation was undertaken in the Italian Courts. This action continues and if successful the claims are sufficient to repay liabilities to Barclays and Investec. The Italian legal system is however more challenging than other western judicial systems. Acknowledging this, a Market Place Settlement Agreement was negotiated and signed between the company, certain Kirby Distributors and The Kirby Company in Cleveland America. This agreement contracts to remit to the company €3.2 million, on account of the Distributors contract breach in 2007. The rate of payment under the Agreement was determined by the volume of purchases from the Kirby Factory in respect of the Italian market. The longer this payment takes, means the company suffers further loss in interest and facility charges relating to the amount outstanding.

The company continues to actively collect the remaining receivables and recovery book however it is not originating new loans. Accordingly it continues to preserve capital, reduce overhead and manage the run down to maximise the result for the funding banks. In essence the company no longer trades, it simply collects its assets on balance sheet. Providing continued support is forthcoming from Barclays and Investec this activity will be maintained until collection is complete.

The Director has concluded that the combination of these circumstances mean that it is no longer appropriate for the group to prepare its accounts on a going concern basis. Therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business. For these reasons the financial accounts have continued to be prepared on a recovery basis with all loans to subsidiary companies reduced by provision for recovery since June 2009.

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 £844,465 (2009 - loss £12,187)

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

Director

The director who served during the year was

M D Cunningham

Financial instruments

The group'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 group has risks relating to its financial instruments relating to interest, price risk and liquidity risk. The director believes the current global economic crisis has reduced the risks relating to interest rates as global interest rates have remained low during the past 12 months.

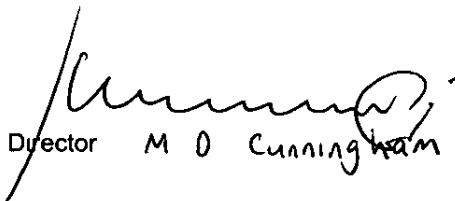
However, the director believes that potential material risks relating to the pricing and liquidity exist in relation to its borrowings with financial institutions due to the costs associated with borrowings from financial institutions and the reduction in the availability of wholesale funds. The costs of wholesale funds has increased materially over the past couple of years.

Provision of information to auditor

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 auditor is 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 auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board on 18th March 2011 and signed on its behalf


Director M D Cunningham

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

We have audited the financial statements of International Acceptance (Holdings) Limited for the year ended 30 June 2010 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - basis of preparation of financial statements

In forming our opinion on the financial statements, which is not qualified, we draw attention to note 1.1 to the financial statements in which the directors state that the company and the group are no longer a going concern and describe the basis on which the financial statements are prepared.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

PKF (UK) LLP

Linda Cooper (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
Leeds, UK

Date 30 MARCH 2011

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 £	2009 £
TURNOVER	1,2		
Continuing operations		1,421,455	2,734,740
Discontinued operations		-	653,399
		<u>1,421,455</u>	<u>3,388,139</u>
Administrative expenses		<u>(1,855,417)</u>	<u>(2,644,912)</u>
OPERATING (LOSS)/PROFIT	3		
Continuing operations		(433,962)	490,817
Discontinued operations		-	252,410
		<u>(433,962)</u>	<u>743,227</u>
EXCEPTIONAL ITEMS			
Net profit on sale of tangible fixed assets	6	-	176,164
		<u>-</u>	<u>176,164</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	3	(433,962)	919,391
Interest payable	5	(311,160)	(935,819)
		<u>(311,160)</u>	<u>(935,819)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(745,122)	(16,428)
Tax on loss on ordinary activities	7	(99,343)	4,241
		<u>(99,343)</u>	<u>4,241</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(844,465)</u></u>	<u><u>(12,187)</u></u>

The notes on pages 11 to 22 form part of these financial statements

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 £	2009 £
LOSS FOR THE FINANCIAL YEAR		(844,465)	(12,187)
Other movements in profit and loss reserve		<u>(13,103)</u>	<u>110,811</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>(857,568)</u>	<u>98,624</u>

The notes on pages 11 to 22 form part of these financial statements

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED
REGISTERED NUMBER 4718090

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible fixed assets	8		32,808		36,484
CURRENT ASSETS					
Debtors	10	6,003,123		9,316,637	
Cash at bank and in hand		82,921		305,182	
		<u>6,086,044</u>		<u>9,621,819</u>	
CREDITORS amounts falling due within one year	11	<u>(2,493,214)</u>		<u>(6,370,348)</u>	
NET CURRENT ASSETS			<u>3,592,830</u>		<u>3,251,471</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,625,638</u>		<u>3,287,955</u>
CREDITORS: amounts falling due after more than one year	12		<u>(6,048,511)</u>		<u>(4,853,260)</u>
NET LIABILITIES			<u>(2,422,873)</u>		<u>(1,565,305)</u>
CAPITAL AND RESERVES					
Called up share capital	14		200		200
Profit and loss account	15		<u>(2,423,073)</u>		<u>(1,565,505)</u>
SHAREHOLDERS' DEFICIT	16		<u>(2,422,873)</u>		<u>(1,565,305)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 March 2011.

Director

M D Cunningham

The notes on pages 11 to 22 form part of these financial statements

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED
REGISTERED NUMBER 4718090

COMPANY BALANCE SHEET
AS AT 30 JUNE 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Fixed asset investments	9		408,208		408,208
CURRENT ASSETS					
Debtors	10	3,654,105		5,647,982	
Cash at bank		1,651		74,877	
		<u>3,655,756</u>		<u>5,722,859</u>	
CREDITORS amounts falling due within one year	11	<u>(2,193,529)</u>		<u>(5,999,464)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>1,462,227</u>		<u>(276,605)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,870,435</u>		<u>131,603</u>
CREDITORS amounts falling due after more than one year	12		<u>(6,520,025)</u>		<u>(5,100,488)</u>
NET LIABILITIES			<u><u>(4,649,590)</u></u>		<u><u>(4,968,885)</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		200		200
Profit and loss account	15		<u>(4,649,790)</u>		<u>(4,969,085)</u>
SHAREHOLDERS' DEFICIT	16		<u><u>(4,649,590)</u></u>		<u><u>(4,968,885)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
18 March 2011

Director


M O Cunningham

The notes on pages 11 to 22 form part of these financial statements

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	17	2,722,951	3,947,544
Returns on investments and servicing of finance	18	(311,160)	(935,819)
Taxation	18	(6,616)	6,798
Capital expenditure and financial investment	18	(11,500)	(553,626)
CASH INFLOW BEFORE FINANCING		2,393,675	2,464,897
Financing	18	(2,610,728)	(3,178,333)
DECREASE IN CASH IN THE YEAR		(217,053)	(713,436)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 £	2009 £
Decrease in cash in the year	(217,053)	(713,436)
Loans disposed of with sale of subsidiaries	-	11,369,844
Cash outflow from decrease in debt and lease financing	2,610,728	3,178,333
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	2,393,675	13,834,741
Other non-cash changes	(13,103)	110,841
MOVEMENT IN NET DEBT IN THE YEAR	2,380,572	13,945,582
Net debt at 1 July 2009	(10,546,528)	(24,492,110)
NET DEBT AT 30 JUNE 2010	(8,165,956)	(10,546,528)

The notes on pages 11 to 22 form part of these financial statements

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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 £2,422,873 (2009 £1,565,305) and the company net liabilities of £4,648,625 (2009 £4,968,885)

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. Following the current year end and in light of current market conditions, a further decision has been made to focus in all territories on the collection of outstanding debts within the group with no new business to be generated. The position will be reviewed in the future based on changes in economic conditions. Effective 31 December 2010 at Barclays request the company ceased origination in the UK and is now in a collection phase for all receivable pools. Given the costs of maintaining foreign subsidiaries in the Mediterranean region and the reducing account balances in the overall pool the Director considers that the outlook presents significant challenges in terms of a profitable collection and recovery phase. Measures have been instituted to preserve cash and secure continued support from Barclays and Investec however these circumstances create material uncertainties over future trading and cash flows. At the date of signing the Barclays facility is renewed monthly.

Notwithstanding the above the director has prepared forecasts to December 2012 that indicate cash flows from the Euro pool in excess of €2.3 million and £1.2 million. The recovery pool and the Kirby settlement receivable are estimated to be €3.3 million at that time. However the costs associated with maintaining the clearing bank facilities and collection effort as well as the reduction in interest revenues from the rundown of the GBP pool absorb a material part of this cash flow which was previously budgeted to be funded by the growing UK pool.

These conditions do not permit the group to initiate new loans and therefore the group has effectively ceased to trade. The going concern basis for the preparation of the financial statements is therefore not appropriate and the group is operating in a recovery phase. The financial statements by making provision against recovery of the loans to subsidiaries recognise the recovery basis of the group and the director feels that there are no other adjustments currently required in the financial statements as there would be no significant closure costs and assets are stated at their recoverable amounts.

1.2 Basis of consolidation

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

The results of subsidiaries sold are included up to the effective date of disposal.

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.

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. ACCOUNTING POLICIES (continued)

1.4 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

1.5 Investments

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

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account 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.

1.7 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.

1.8 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 profit and loss account.

1.9 Commissions

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

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 Subsidiary Income

For the year ended 30 June 2010 there has been a change in accounting policy in respect of the recognition of subsidy income. Subsidy income is the amount paid by the introducer (not the customer) by deducting from settled loans an amount which is disclosed on the contract as a commission payment payable to International Acceptance Limited, a subsidiary company. The subsidy is paid and earned at the time the loan is settled and is only refunded to the introducer in the case of cancellation of the loan in the first 14 days of the loan term. The subsidy represents charge with all economic benefit flowing to International Acceptance Limited at the time of the loan settlement. From 1 July 2009, all income from subsidies has been recognized at the time the loan is settled.

This represents a change in the recognition of income for the purpose of matching income with the period of services. This better reflects the nature of the subsidy transaction. The financial impact of the change of accounting policy for the financial year 30 June 2010 are reducing the unearned subsidy income and increasing revenue by £30,354.

2. TURNOVER

A geographical analysis of turnover is as follows:

	2010 £	2009 £
United Kingdom	569,080	773,183
Rest of European Union	852,375	1,961,557
Rest of world	-	653,399
	<u>1,421,455</u>	<u>3,388,139</u>

The whole of turnover and loss before taxation from continuing and discontinuing activities is attributable to the provision of consumer finance.

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

3. OPERATING (LOSS)/PROFIT

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

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the group	15,176	11,342
- held under finance leases	-	8,853
Auditors' remuneration	15,000	47,000
Difference on foreign exchange	(66,571)	(5,461)
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2009 - £NIL)

4. STAFF COSTS

Staff costs were as follows

	2010 £	2009 £
Wages and salaries	412,746	502,009
Social security costs	39,641	44,471
	<u> </u>	<u> </u>
	452,387	546,480
	<u> </u>	<u> </u>

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

	2010 No.	2009 No
Administration	18	21
	<u> </u>	<u> </u>

5. INTEREST PAYABLE

	2010 £	2009 £
On other loans	311,160	935,710
On finance leases and hire purchase contracts	-	109
	<u> </u>	<u> </u>
	311,160	935,819
	<u> </u>	<u> </u>

6. EXCEPTIONAL ITEMS

	2010 £	2009 £
Exceptional item - net profit on sale of investment	-	176,164
	<u> </u>	<u> </u>

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7. TAXATION

	2010 £	2009 £
Analysis of tax charge in the year		
Deferred tax (see note 13)		
Origination and reversal of timing differences	99,343	(4,241)
Tax on loss on ordinary activities	<u>99,343</u>	<u>(4,241)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK (21%). The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before tax	<u>(745,122)</u>	<u>(16,428)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009 - 21%)	(156,476)	(3,450)
Effects of:		
Expenses not deductible for tax purposes	37,000	-
Capital allowances for year in excess of depreciation	(51,606)	-
Losses carried forward	171,082	3,450
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The group is carrying forward tax losses of approximately £1,475,000 (2009 £1,126,000) 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.

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

8. TANGIBLE FIXED ASSETS

	Furniture & fittings, computer equipment and software £
Group	
Cost	
At 1 July 2009	387,319
Additions	11,500
	<hr/>
At 30 June 2010	398,819
	<hr/>
Depreciation	
At 1 July 2009	350,835
Charge for the year	15,176
	<hr/>
At 30 June 2010	366,011
	<hr/>
Net book value	
At 30 June 2010	32,808
	<hr/>
At 30 June 2009	36,484
	<hr/>

9. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
Company	
Cost or valuation	
At 1 July 2009 and 30 June 2010	408,208
	<hr/>

Details of the principal subsidiaries can be found under note number 22

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

10. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2010 £	2009 £	2010 £	2009 £
Due after more than one year				
Trade debtors	2,753,048	1,389,258	-	-
Amounts owed by group undertakings	-	-	3,601,859	5,638,496
Due within one year				
Trade debtors	2,670,661	7,202,511	-	-
Amounts owed by group undertakings	-	-	52,246	8,521
Other debtors	557,034	624,654	-	-
Prepayments and accrued income	22,380	1,170	-	-
Deferred tax asset (see note 13)	-	99,044	-	965
	<u>6,003,123</u>	<u>9,316,637</u>	<u>3,654,105</u>	<u>5,647,982</u>

11. CREDITORS:

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2010 £	2009 £	2010 £	2009 £
Bank loans and overdrafts	2,200,366	5,998,451	2,192,472	5,998,451
Trade creditors	130,079	204,464	-	-
Corporation tax	5,641	12,257	-	-
Social security and other taxes	10,274	12,218	-	-
Other creditors	145,799	141,946	-	-
Accruals and deferred income	1,055	1,012	1,057	1,013
	<u>2,493,214</u>	<u>6,370,348</u>	<u>2,193,529</u>	<u>5,999,464</u>

The bank loans of the group are secured on the assets of the group companies

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

12. CREDITORS:

Amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Other loans	715,000	715,000	715,000	715,000
Bank loans	5,333,511	4,138,260	5,333,511	4,138,260
Amounts owed to group undertakings	-	-	471,514	247,228
	6,048,511	4,853,260	6,520,025	5,100,488

13. DEFERRED TAXATION

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
At beginning of year	99,343	94,803	965	965
(Charge for)/released during the year	(99,343)	4,241	(965)	-
At end of year	-	99,044	-	965

The deferred taxation balance is made up as follows

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Accelerated capital allowances	-	(68,764)	-	-
Tax losses	-	(30,280)	-	(965)
	-	(99,044)	-	(965)

14. SHARE CAPITAL

	2010	2009
	£	£
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	200	200

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. RESERVES

	Profit and loss account £
Group	
At 1 July 2009	(1,565,505)
Loss for the year	(844,465)
Other movements	(13,103)
	<hr/>
At 30 June 2010	(2,423,073)
	<hr/>
	Profit and loss account £
Company	
At 1 July 2009	(4,969,085)
Profit for the year	319,295
	<hr/>
At 30 June 2010	(4,649,790)
	<hr/>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2010 £	2009 £
Group		
Opening shareholders' deficit	(1,565,305)	(1,660,783)
Loss for the year	(844,465)	(12,187)
Other recognised gains and losses during the year	(13,103)	110,811
Movement on foreign currency reserve	-	(3,146)
	<hr/>	<hr/>
Closing shareholders' deficit	(2,422,873)	(1,565,305)
	<hr/>	<hr/>
	2010 £	2009 £
Company		
Opening shareholders' deficit	(4,968,885)	(678,040)
(Loss)/ Profit for the year	319,295	(4,290,845)
	<hr/>	<hr/>
Closing shareholders' deficit	(4,649,590)	(4,968,885)
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The profit/(loss) for the year dealt with in the accounts of the company was £319,295 (2009 - £73,721)

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating (loss)/profit	(433,962)	743,227
Depreciation of tangible fixed assets	15,176	20,195
Loss on disposal of tangible fixed assets	-	1,113
Decrease in debtors	3,214,171	5,241,981
Decrease in creditors	(72,434)	(2,055,826)
Movement in other reserves	-	(3,146)
Net cash inflow from operations	2,722,951	3,947,544

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest paid	(311,160)	(935,710)
Hire purchase interest	-	(109)
Net cash outflow from returns on investments and servicing of finance	(311,160)	(935,819)
	2010 £	2009 £
Taxation		
Corporation tax repaid/(paid)	(6,616)	6,798
	2010 £	2009 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(11,500)	(18,421)
Sale of unlisted and other investments	-	79,901
Cash balances disposed	-	(615,106)
Net cash outflow from capital expenditure	(11,500)	(553,626)
	2010 £	2009 £
Financing		
Repayment of loans	(2,610,728)	(3,175,262)
Repayment of finance leases	-	(3,071)
Net cash outflow from financing	(2,610,728)	(3,178,333)

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

19. ANALYSIS OF CHANGES IN NET DEBT

	1 July 2009	Cash flow	Other non-cash changes	Exchange Movement	30 June 2010
	£	£	£	£	£
Cash at bank and in hand	305,182	(209,159)	-	(13,102)	82,921
Bank overdraft	-	(7,894)	-	-	(7,894)
	<u>305,182</u>	<u>(217,053)</u>	<u>-</u>	<u>(13,102)</u>	<u>75,027</u>
Debt:					
Debts due within one year	(5,998,450)	(2,610,729)	1,195,251	-	(2,192,472)
Debts falling due after more than one year	(4,853,260)	-	(1,195,251)	-	(6,048,511)
	<u>(10,546,528)</u>	<u>(2,827,782)</u>	<u>-</u>	<u>(13,102)</u>	<u>(8,165,956)</u>
Net debt	<u>(10,546,528)</u>	<u>(2,827,782)</u>	<u>-</u>	<u>(13,102)</u>	<u>(8,165,956)</u>

INTERNATIONAL ACCEPTANCE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

20. RELATED PARTY TRANSACTIONS

At the year end the company owed £715,000 (2009 - £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

21. CONTROLLING PARTY

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

22. 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. Evergreen Collections SRL is a company which provides debt collection services.

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 SL	Spain	100	Ordinary shares of €1 each
International Acceptance Spa	Italy	100	Ordinary shares of €1 each
Evergreen Collections SRL	Italy	100	Ordinary shares of €1 each