Company Registration No. 06738633 (England and Wales)

PDL FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

PDL FINANCE LIMITED

COMPANY INFORMATION

Directors	A Freeman E Nisbet A Shinebroom J Grant
Company number	06738633
Registered office	25 Farringdon Street London EC4A 4AB
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London United Kingdom EC4A 4AB

PDL FINANCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report for the year ended 31 December 2015.

Fair review of the business

The principal activity of the company during 2015 was the continued provision of short term loans. The product was diversified to provide the consumer with more flexibility.

The directors are pleased with the performance of the company in the year to 31 December 2015. In a year where the regulatory changes came into effect the company sustained profitability and adapted to the changes with positivity.

In the year to 31 December 2015, turnover decreased by £15.6m to £22.3m (2014: £37.9m) constituting a 41% decrease. This was primarily due to the introduction of the interest rate cap by the FCA.

The net book value of trade debtors (including provisions for bad debts) decreased by £6.0m to £6.7m (2014: £12.7m), constituting a decrease of 47%.

In the year to 31 December 2015 the company made a profit before tax of £3.2m (2014: 8.4m) showing the sustainable profitability of the company. The directors believe that this demonstrates the continued strength of the company's business model in a changing regulatory environment.

The company sustained performance in 2015 while the high cost short term credit sector experienced rapid change, giving the directors confidence that the company will continue to operate a successful and profitable business whilst being compliant, regulated and supervised by the FCA.

The company received Full permission by the FCA on 17 February 2016.

Financial Risk Management, Objectives and Policies

The company is exposed to a moderate level of price, credit, liquidity and cash flow risks. The company manages these risks by financing its operations through retained profits supplemented by borrowing where necessary to fund expansion or capital expenditure programmes.

The management objective is to retain sufficient liquid funds via retained earnings, thus enabling the company to meet its day to day funding requirements, whilst minimising the risk of fluctuating interest rates on external borrowings.

The company makes little use of financial instruments other than an operating bank account and loan from its parent company SDJ Enterprises Limited, which was paid back in full in 2015, therefore its exposure to price, credit, liquidity and cash flow risk is not material for the assessment of assets, liabilities, financial position and profit and loss of the company.

Further details of the company's financial risk management, objectives and policies are provided in Note 15.

Regulatory, Political and Legal Risk Management and Policies
The company is now fully regulated by the FCA, therefore the exposure to potential for regulatory, political and legal risks has increased.

If the company fail to comply with any laws, regulations, rules or codes relating to the consumer credit industry we could potentially be fined by the FCA, or expose ourselves to negative publicity which would in turn have a negative impact on the business.

Controls, systems and processes have been developed to manage these risks. These include monitoring regulatory and legal changes, developing appropriate compliance policies, monitoring adherence to these policies and reporting accordingly, as well as regular monitored compliance training for all employees.

In addition, the senior management team and the board have been strengthened to ensure that any potential risks of this nature are identified and actions are taken to mitigate or prevent any detrimental impact on the company or industry.

On behalf of the board

....
A Freeman
Director
30/9/2016

PDL FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities
The principal activity of the company during the year continued to be the provision of short term loans.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Shaffer	(Resigned 2 November 2015)
A Freeman	
E Nisbet	(Appointed 5 February 2015)
A Shinebroom	(Appointed 5 February 2015)
J Grant	(Appointed 1 August 2015)
J Landy	(Resigned 5 February 2015)

Results and dividends
The results for the year are set out on page 6.

The company paid a dividend of £6,350,000 during the year (2014: £1,500,000).

Auditor
RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor
As far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Donations
During the year the company made the following contributions:

	2015	2014
	£	£
Charitable	19,974	42,735

On behalf of the board

....
A Freeman
Director
....30|9|2016

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Strategic Report and 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PDL FINANCE LIMITED

We have audited the financial statements on pages 6 to 22. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

Nicholas Davies (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
United Kingdom
EC4A 4AB

26/9/2016

PDL FINANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	22,263,070	37,866,605
Cost of sales		(1,828,135)	(3,855,402)
Gross profit		20,434,935	34,011,203
Administrative expenses		(17,182,103)	(24,451,712)
Operating profit	4	3,252,832	9,559,491
Interest payable and similar charges	8	(25,544)	(1,155,510)
Profit on ordinary activities before taxation		3,227,288	8,403,981
Taxation	9	(575,984)	(1,536,237)
Profit and total comprehensive income for the financial year	19	2,651,304	6,867,744

Company Registration No. 06738633

PDL FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Intangible assets	11		2,855		36,816
Tangible assets	12		112,304		208,468
			115,159		245,284
Current assets					
Debtors	13	7,764,903		13,135,820	
Cash at bank and in hand		3,079,879		3,480,230	
		10,844,782		16,616,050	
Creditors: amounts falling due within one year	14	(947,063)		(3,149,760)	
Net current assets			9,897,719		13,466,290
Net assets			10,012,878		13,711,574
Capital and reserves					
Called up share capital	17		2,000		2,000
Share premium account	18		201,977		201,977
Profit and loss reserves	19		9,808,901		13,507,597
Total equity			10,012,878		13,711,574

The financial statements were approved by the board of directors and authorised for issue on .... and are signed on its behalf by:

....
A Freeman
Director
30/9/2016

PDL FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2014		2,000	201,977	8,139,853	8,343,830
Year ended 31 December 2014:					
Profit and total comprehensive income for the year		-	-	6,867,744	6,867,744
Dividends	10	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2014		2,000	201,977	13,507,597	13,711,574
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	2,651,304	2,651,304
Dividends	10	-	-	(6,350,000)	(6,350,000)
Balance at 31 December 2015		2,000	201,977	9,808,901	10,012,878

1 Accounting policies

Company information
PDL Finance Limited is a company limited by shares incorporated in England and Wales. The registered office is 25 Farringdon Street, London, EC4A 4AB.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements are the first financial statements of PDL Finance Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of PDL Finance Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

The company's ultimate parent undertaking includes the company in its consolidated financial statements (see note 22). In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following disclosures:
- Cash Flow Statement and related notes; and
- Transactions between wholly-owned subsidiaries or their parent within the same group.
- Disclosure of remuneration of key management personnel.

Going concern
In 2015, PDL Finance Ltd supported the business from retained earnings, without requirement for gearing or support from SDJ Enterprise Ltd, its parent company. The directors consider that the company will be self-sufficient and continue with steady growth in the same manner. Therefore, the directors consider it appropriate that the financial statements are prepared on a going concern basis.

Turnover
The turnover shown in the profit and loss account represents interest receivable on short term loans made during the period, amounts invoiced to affiliates on sale of debts, and administration charges received. Turnover is recognised on an accruals basis.

Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website design and build	33.3% on a straight line basis
Trademark	10 years on a straight line basis

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	33.3% on a straight line basis
Computer equipment	33.3% on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets
At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 **Accounting policies (Continued)**

Basic financial assets
Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest and subsequently carried at amortised cost.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date or the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Critical accounting estimates and assumptions
The expected useful life of a fixed asset is estimated upon purchase to provide a period over which the cost of the item shall be recognised in the profit or loss, and therefore match with the economic benefit provided by the asset.

Residual values are estimated based on current market prices and take into account the expected age and condition of the asset at the end of its useful life.

Loan capital is written off after a set number of days after the missed due date. It is assumed that if a customer has not paid after this time the amount owing is unlikely to be paid.

The value of costs which are accrued for at the year end are estimated using known contract terms of services provided.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2015	2014
	£	£
Turnover analysed by class of business		
Provision of short term loans	22,263,070	37,866,605

Turnover analysed by geographical market

	2015	2014
	£	£
United Kingdom	22,263,070	37,866,605

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2015 £	2014 £
Exchange losses	41,704	135,030
Depreciation of owned tangible fixed assets	124,310	151,774
Amortisation of intangible assets	36,815	27,386
Operating lease charges	189,087	171,650

5 Auditor's remuneration

Fees payable to the company's auditor and its associates:	2015 £	2014 £
For audit services		
Audit of the company's financial statements	37,500	30,000
For other services		
Taxation compliance services	4,250	3,000
All other non-audit services	8,000	9,700
	12,250	12,700

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Operations staff	120	142
Administrative staff	29	21
	149	163

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	4,311,070	4,274,572
Social security costs	410,508	410,454
Pension costs	18,480	-
	4,740,058	4,685,026

7 Directors' remuneration

	2015	2014
	£	£
Remuneration for qualifying services	823,568	689,968
Company pension contributions to defined contribution schemes	1,238	-
	824,806	689,968

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2014 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	504,247	689,968
Company pension contributions to defined contribution schemes	310	-

8 Interest payable and similar charges

	2015	2014
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	25,544	1,155,510

9 Taxation

	2015	2014
	£	£
Current tax		
UK corporation tax on profits for the current period	676,705	1,832,820
Adjustments in respect of prior periods	(100,721)	(296,583)
Total current tax	575,984	1,536,237

9 Taxation (Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2015 £	2014 £
Profit before taxation	3,227,288	8,403,981
Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	653,416	1,806,281
Tax effect of expenses that are not deductible in determining taxable profit	(105)	12,621
Adjustments in respect of prior years	-	323
Research and development tax credit	(100,721)	(296,906)
Capital allowances in excess of depreciation	23,394	13,918
Tax expense for the year	575,984	1,536,237

10 Dividends

	2015 £	2014 £
Final paid	6,350,000	1,500,000

11 Intangible fixed assets

	Website design and build £	Trademark £	Total £
Cost			
At 1 January 2015	246,447	-	246,447
Additions - internally developed	-	2,854	2,854
At 31 December 2015	246,447	2,854	249,301
Amortisation and impairment			
At 1 January 2015	209,631	-	209,631
Amortisation charged for the year	36,815	-	36,815
At 31 December 2015	246,446	-	246,446
Carrying amount			
At 31 December 2015	1	2,854	2,855
At 31 December 2014	36,816	-	36,816

12 Tangible fixed assets

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2015	333,534	343,824	677,358
Additions	25,000	3,146	28,146
At 31 December 2015	358,534	346,970	705,504
Depreciation and impairment			
At 1 January 2015	252,183	216,707	468,890
Depreciation charged in the year	42,532	81,778	124,310
At 31 December 2015	294,715	298,485	593,200
Carrying amount			
At 31 December 2015	63,819	48,485	112,304
At 31 December 2014	81,351	127,117	208,468

13 Debtors

	2015	2014
Amounts falling due within one year:	£	£
Trade debtors	6,705,512	12,738,491
Corporation tax recoverable	588,333	-
Other debtors	7,593	33,152
Prepayments and accrued income	463,465	364,177
	7,764,903	13,135,820

14 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	274,597	512,416
Amounts due to group undertakings	-	1,278,384
Corporation tax	-	635,914
Other taxation and social security	241,267	152,634
Other creditors	5,756	30,718
Accruals and deferred income	425,443	539,694
	947,063	3,149,760

Included in amounts owed to group undertakings is £nil (2014: £1,278,384) owed to SDJ Enterprises Limited and is repayable on demand. This balance also accrues interest at 2% per month.

15 *Financial instruments*

	2015	2014
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	6,943,261	12,937,492
Carrying amount of financial liabilities		
Measured at amortised cost	705,796	2,361,212

Interest earned on financial assets held at amortised cost amounted to £21,156,915 (2014: £31,813,883) and is included within turnover.

Financial Risk and Capital Management

Financial Risk Factors
In the course of its business, the company is exposed to a variety of financial risks, mainly credit risk, liquidity risk and market risk. The company's overall risk management programme focuses on price, credit, liquidity and cash flow risks.

Credit Risk
Credit risk arises from customers who fail to meet their obligations and default on the repayment of their loans thus incurring losses to the company.

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk mainly through the responsible lending and collection policies.

The company does not hold any collateral or any credit derivatives.

The company makes provisions for loan principal that is estimated to be irrecoverable from customers. This provision is based on the length of time the debt is outstanding from a missed payment. This is based upon analysis of the past performance of similar historical loans.

As at the balance sheet date, the maximum credit risk exposure borne by the company was £6.7m (2014: £12.7m), which relates to trade debtors that have not been impaired. Cash balances disclosed in the accounts are held with major financial institutions with no history of credit-worthiness issues.

The carrying value of trade and other debtors approximate to the fair value.

As of 31 December 2015, an amount of £897k (2014: £3.6m) of the non-impaired trade debtors was past due. These relate to customer accounts which are past due but for which there is a reasonable likelihood of recovery based on analysis of historic patterns. All of the non-impaired trade debtors are less than three months of age.

As of 31 December 2015, trade debtors of £6.1m (2014: £5.6m) were impaired. These relate to amounts outstanding on customer accounts which are past due, for which historic analysis suggests recoverability is unlikely.

15 Financial instruments (Continued)

Credit Risk (continued)

Movements on the provision for impairment of trade debtors are as follows:

	2015 £	2014 £
At 1 January	5,592,870	4,850,304
Provision for impairment of trade debtors	11,238,457	18,023,352
Trade debtors written off during the year as uncollectible	(7,770,480)	(14,715,047)
Trade debtors collected	(2,938,885)	(2,565,739)
At 31 December	6,121,962	5,592,870

Liquidity Risk

Liquidity risk arises when the cash levels are insufficient to meet the required borrowing needs of customers and payments to creditors.

Liquidity management includes identifying a liquidity risk tolerance level which is monitored and adhered to. An adequate level of liquidity needs to be maintained through a cushion of liquid assets. Liquidity costs, benefits and risks are identified and measured, including contingency risks. There is a robust and operational contingency funding plan in place.

As of 31 December 2015, the company held funds of £3.1m (2014: £3.5m) in order to mitigate liquidity risks.

At the balance sheet date, all of the company's financial liabilities are due within 3 months based on the period remaining to the contractual maturity date.

Market Risk

Market risk arises from an adverse price change affecting the market price the company has an exposure in.

Market risk is managed by monitoring industry standards and proposed changes, along with diversification of creditor affiliations.

The company has no borrowings, does not earn interest on bank account balances and the interest rates on the customer loan book portfolio are fixed. Therefore the Directors do not feel that the company is exposed to any market risk to such an extent that it would have a material impact on the financial statements, and therefore no sensitivity analysis is appropriate or necessary.

Capital Management

The company manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of cash and equity balances. The capital structure of the company consists of cash and cash equivalents and equity comprising of issued capital, reserves and retained earnings. Dividends are only declared if the company will retain adequate capital after payment of the dividend.

16 Retirement benefit schemes

Defined contribution schemes
The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £18,480 (2014 - £nil).

At the balance sheet date the company owed contributions of £3,778 (2014: £nil).

17 Share capital

	2015	2014
	£	£
Ordinary share capital		
Issued and fully paid		
500 ordinary A shares of £1 each	500	500
1,500 ordinary B shares of £1 each	1,500	1,500
	2,000	2,000

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

'A' and 'B' shares rank pari passu in all regards except for the following:

Holders of the majority of 'A' shares may appoint one director as an 'A' director and may remove and replace such 'A' directors by giving notice to the company.

Holders of the majority of 'B' shares may appoint three directors as 'B' directors and may remove and replace such 'B' directors by giving notice to the company.

18 Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

19 Profit and loss reserves

Profit and loss reserves represent cumulative profit and loss net of distributions to owners.

20 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015	2014
	£	£
Within one year	121,511	176,342
Between two and five years	21,296	115,511
	142,807	291,853

21 Related party transactions

Included in amounts owed to group undertakings is a total of £nil (2014: £1,278,384) owed to SDJ Enterprises Limited, the parent company of PDL Finance Limited, which was repaid in the year. Interest of £25,544 (2014: £1,155,510) in total was accrued during the year on the loan and advances.

During the year the company paid £nil (2014: £30,895) to Raremoon Marketing LLC, a company owned by J Shaffer. At the balance sheet date the company owed £nil (2014: £nil) to Raremoon Marketing LLC.

During the year the company paid £80,540 (2014: £101,477) to entities in which the directors have an interest. At the balance sheet date, the company owed £nil (2014: £70,582) to these entities.

During the year the company received rental income of £6,000 (2014: £nil) from a company in which a director has an interest.

No expense has been recognised in the year (2014: £nil) in respect of bad debts from related parties. There are no provisions for uncollectible receivables related to the amounts outstanding.

During the year the company paid the following dividends:
- £904,875 (2014: 213,750) to directors and entities in which directors have an interest;
- £5,127,625 (2014: £1,211,250) to the parent company, SDJ Enterprises Limited.

22 Controlling party

The immediate and ultimate parent company is SDJ Enterprises Limited, a company incorporated in the United Kingdom. The smallest and largest group for which consolidated accounts including the company are prepared is the one headed by SDJ Enterprises Limited; these accounts are available from Companies House, 4 Abbey Orchard St, London SW1P 2HT.

The directors do not consider there to be an ultimate controlling party.

23 Reconciliations on adoption of FRS 102

The effect of the transition to FRS 102 has had no impact on;
(i) the equity at the date of transition to FRS 102;
(ii) the equity at the end of the comparative period;
(iii) the profit or loss for the comparative period reported under previous UK GAAP

Website development costs
Under FRS 102, the company has reclassified website design and build costs with a net book value of £62,065 at 1 January 2014 from tangible fixed assets to intangible fixed assets. This has had no impact on company equity or profit or loss for the comparative period other than the previous depreciation charge is now described as amortisation.