

REGISTERED NUMBER: 06793980

ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016
FOR
MORSES CLUB LIMITED

MORSES CLUB LIMITED

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MORSES CLUB LIMITED

COMPANY INFORMATION
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016

DIRECTORS:	M Burlak I D Cooper L Easson B P Grimshaw S A Karle T Mulligan P M Smith T A Thomson ThreeV Directors LLP P M Ward
COMPANY SECRETARIES:	RJP Secretaries Limited Martin Webster
REGISTERED OFFICE:	Kingston House Centre 27 Business Park Woodhead Road Birstall Batley West Yorkshire WF17 9TD
REGISTERED NUMBER:	06793980 (England and Wales)
AUDITOR:	Deloitte LLP Chartered Accountants & Statutory Auditor Birmingham B1 2HZ United Kingdom
BANKERS:	Barclays Commercial Bank 4th Floor Apex Plaza Forbury Road Reading RG1 1AX Santander Corporate Bank Bridle Road Bootle Merseyside L30 4GB
SOLICITORS:	Denton LLP One Fleet Place London EC4M 7WS

MORSES CLUB LIMITED

STRATEGIC REPORT **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

This Strategic Report has been prepared for Morses Club Limited (the "Company") and its subsidiary, Shopacheck Financial Services Limited (together the "Group") as a whole and therefore gives greater emphasis to those matters which are significant to Morses Club Limited and its subsidiary undertaking when viewed as a whole.

PRINCIPAL ACTIVITIES

The Group's principal activity during the period was the provision of consumer credit. The principal activity of Morses Club Limited is the provision of consumer credit.

REVIEW OF BUSINESS

On 28 February 2015 the Company acquired 100% of the ordinary share capital of Shopacheck Financial Services Limited (SFS) from the Company's parent company, Perpignon Limited. Immediately following the acquisition the trade and assets of SFS were hived up into Morses Club Limited at carrying value. Perpignon Limited had acquired 100% of the ordinary share capital of Shopacheck Financial Services Limited on 10 March 2014. This group reconstruction, which includes the transfer of a previously acquired subsidiary, has been accounted for using merger accounting and therefore:

- the Company financial statements reflect the Company's acquisition of SFS and subsequent hive up of trade and assets being completed on 28 February 2015
- the consolidated financial statements are prepared as if the new legal structure had been in place from 10 March 2014. Goodwill and fair value adjustments have been calculated on this basis and the results of Shopacheck Financial Services Limited are included from 10 March 2014, the date of the original acquisition.

The Company continued with its strategy of seeking to grow through both organic and acquisitive means. In the period the Company purchased assets with a book value of £11.3m from regionally based consumer credit businesses. The three largest acquisitions have been accounted for as business combinations under IFRS 3 with the remaining five treated as loan book purchases. The acquisitions were all successfully merged in the Company's existing operations during the period. The Company expects to continue this strategy in the forthcoming financial period.

During the period the Company successfully rolled out a new mobile technology solution to its remote field force of agents.

Revenue for the Group during the period of trading was £90,566,085 (2015 - £89,863,886) (2014 - £21,138,254). The Group will continue to focus on developing a high quality lending business supplemented by any suitable acquisition opportunities which may arise. Profit before tax was £10,374,110 (2015 - £58,565,204) (2014 - £3,538,809). The profit before tax in 2015 includes the gain on acquisition of Shopacheck Financial Services Limited amounting to £51,960,552. The directors see these results as providing a sound platform for the future development and growth of the Group. The business remains very well placed through the use of hand held technology and back office systems to support its growth plans and the investment which has been made in this technology is seen as key to improving further its profitability.

The Group continues to review plans for further new product initiatives, in order to keep it at the forefront of businesses within the home credit sector.

Financial Performance

In the trading period, the Group has achieved a profit before tax of £10,374,110 (2015 - £58,565,204) (2014 - £3,538,809) and net assets of £55,369,570 (2015 - £96,081,797) (2014 - £21,153,342).

Key performance indicators (KPI's)

The KPI's that are used by the Group are:

- New Business/Sales – In the current period the principal cash lent was £122,102,282 (2015 – £112,020,867) (2014 - £30,597,068).
- Collections – In the current period the total cash collected (including interest) was £195,953,448 (2015 – £187,524,701) (2014 - £46,416,980).
- Operating Earnings Before Interest Tax and Amortisation (EBITDA) - In the current period operating EBITDA was £18,405,798 (2015 – £15,477,347) (2014 - £3,666,497).

The Sales and Collections KPI's are monitored on a weekly basis against budget by the senior management team and performance for the period is in line with expectations. On a monthly basis the Board reviews the management accounts which include these KPI's and reported operating EBITDA.

MORSES CLUB LIMITED

STRATEGIC REPORT- continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

Principal risks and uncertainties

The Group's principal financial assets are cash together with trade and other debtors.

The directors monitor liquidity closely. From March 2016 the Group has access to a £25,000,000 revolving asset based credit facility, which provides sufficient headroom to manage the business and meet our strategic objectives. The Group does not use any complex financial instruments.

The Group is involved in the provision of consumer credit and a key risk for the Group is credit risk inherent in amounts receivable from customers which is principally controlled through credit control policies supported by on-going reviews for provisions. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Group is also subject to legislative and regulatory changes within the consumer credit sector and stays in touch with changes through its compliance and credit risk functions and through the Consumer Credit Association.

With effect from April 2014, regulatory control of the industry moved to the Financial Conduct Authority (FCA) from the Office of Fair Trading (OFT). In common with the larger players in the market, the Company is currently trading under an interim permission, however the directors feel that the Group is well placed for this change. In particular the Group has constructed a fit for purpose compliance regime and is ensuring that we treat customers fairly and make fair outcomes for customers central to all of our decision making, strategy and operational processes. The Group's application for full permission has been submitted to the FCA and we continue to have positive on-going dialogue.

The directors are confident that they have mitigated operational risk through an embedded control environment with the use of hand held technology and strong Management Information reporting data.

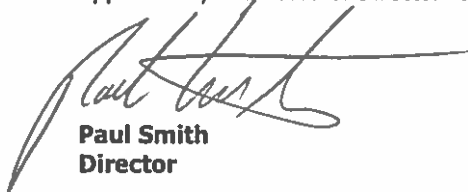
FUTURE DEVELOPMENTS

The directors expect the general level of activity to increase in the forthcoming period, through a combination of the development of the existing business through better quality lending and new product developments and also through any suitable acquisition opportunities which may arise along with the full year impact of current year acquisitions.

APPROVAL OF STRATEGIC REPORT

The financial statements comprise a Strategic Report prepared for the Group in accordance with Companies Act 2006 (Strategic Report and Report of the Directors) Regulations 2013.

Approved by the Board of Directors and signed on behalf of the Board.



Paul Smith
Director

Date 1 April 2016

Registered Office:
Kingston House
Centre 27 Business Park
Woodhead Road
Birstall
Batley
West Yorkshire
WF17 9TD

MORSES CLUB LIMITED

REPORT OF THE DIRECTORS **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

The directors present their annual report and the audited financial statements for the Group for the 52 weeks ended 27 February 2016 (2015 – 53 weeks ended 28 February 2015) (2014 – 52 weeks ended 22 February 2014).

These financial statements are presented under International Financial Reporting Standards (IFRS) for the first time this period and comparative balances have been restated accordingly. The effective date of transition is 24 February 2013. The primary changes to accounting policies and their impact on the Company's results and its financial position is set out in note 24.

Going Concern

The directors have considered the appropriateness of adopting the going concern basis in preparation of these financial statements.

The Group has prepared a 3 year business plan which is a continuation of its strategy of generating growth through organic and acquisitive means. As part of its application for an AIM listing the Group has carried out a rigorous working capital review on the business plan.

In addition to standard internal governance the Group is also monitored against key financial covenants tied in with the current funding facilities. These are produced and submitted on a monthly basis, with key schedules included in the monthly Board Papers.

The Group is subject to a number of risks and uncertainties which arise as a result of the current economic environment. In determining that the Group is a going concern these risks, which are described in the principal risks and uncertainties section, have been considered by the directors. The directors have considered these risks in the Group's forecasts and projections which highlight continued profitability for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Events after the Balance Sheet date

Application for AIM listing

The Company intends to seek a listing on the Alternative Investment Market (AIM) by way of an Initial Public Offering. The Company is working with a series of appointed advisers towards an admission between late April and early May 2016.

Working Capital

In addition, as part of its review of its working capital structure on 14 March the Company signed a 2 year extension to its £20,000,000 Revolving credit arrangement with Shawbrook Bank. The facility has been increased to £25,000,000 and runs to September 2019.

Dividends

Dividends of £48,628,660, comprising cash of £17,500,000 and £31,128,660 in specie, were paid during the 52 weeks ending 27 February 2016 (2015 – £2,000,000) (2014 - £nil).

Capital transaction

On 26 February 2016 the Company undertook a capital reduction exercise by cancelling 72,705,000 £1.00 ordinary shares and reducing the share premium account to £nil. The capital reduction was supported by a solvency statement and resulted in the creation of £78,317,227 of distributable reserves. The remaining 1,295,000 £1.00 ordinary shares were subsequently divided into 129,500,000 ordinary shares of £0.01.

Employees

The directors give special attention to the health and safety of their employees and endeavour to ensure that the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received. Regular meetings with employee representatives are held to inform them of the development of the business.

Political Expenditure

During the period ended 27 February 2016 no payments relating to political donations or political expenditure were made (2015: £nil) (2014 - £nil).

MORSES CLUB LIMITED

REPORT OF THE DIRECTORS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016

Directors

The directors shown below have held office during the whole of the period from 28 February 2015 to the date of this report, unless otherwise stated.

M Burlak	(Appointed 24 March 2015)
I Cooper	
L Easson	
B Grimshaw	
S Karle	
D J Martin	(Resigned 15 June 2015)
T Mulligan	(Appointed 1 June 2015)
P M Smith	
T A Thomson	
Three V Directors LLP	
P Ward	

Information presented in other sections

The Company's principal risks and uncertainties and future developments, which are required to be included within the Report of the Directors, can be found within the Strategic Report. The information presented in these sections of the Strategic Report is deemed to form part of this report.

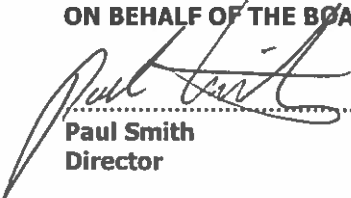
Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor are aware of that information.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Paul Smith
Director

Date: 1 April 2016

MORSES CLUB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016


The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS regulation. 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 judgments and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

BY ORDER OF THE BOARD:


.....
Paul Smith
Director

Date: 1 April 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORSES CLUB LIMITED

We have audited the financial statements of Morses Club Limited for the 52 weeks ended 27 February 2016 which comprise the Consolidated Income Statement, Consolidated and Company Balance Sheet, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 27 February 2016 and of the Group's profit for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been properly 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 Report of the Directors for the financial period 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
- 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.



Matthew Perkins (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

Date: 1 April 2016

MORSES CLUB LIMITED**CONSOLIDATED INCOME STATEMENT
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

	Note	52 weeks Ended 27.2.16 £	53 weeks ended 28.2.15 £	52 weeks ended 22.2.14 £
REVENUE				
Existing Operations	1	84,749,919	22,476,515	21,138,254
Acquisitions during the period	22	5,816,166	67,387,371	-
		<u>90,566,085</u>	<u>89,863,886</u>	<u>21,138,254</u>
Cost of sales		<u>(38,042,132)</u>	<u>(40,517,147)</u>	<u>(10,208,871)</u>
GROSS PROFIT		52,523,953	49,346,739	10,929,383
Administration expenses		(41,535,308)	(42,740,874)	(7,342,775)
OPERATING PROFIT BEFORE AMORTISATION OF INTANGIBLES		16,671,615	15,179,880	3,603,646
Amortisation of intangibles	10	(5,682,970)	(8,574,015)	(17,038)
OPERATING PROFIT				
Existing Operations		8,982,829	4,252,387	3,586,608
Acquisitions during the period		2,005,816	2,353,478	-
		<u>10,988,645</u>	<u>6,605,865</u>	<u>3,586,608</u>
Gain arising on acquisitions	22	32,191	51,960,552	-
Finance costs	5	(646,726)	(1,213)	(47,799)
PROFIT BEFORE TAXATION	4	10,374,110	58,565,204	3,538,809
Taxation	6	(2,457,677)	378,796	(810,075)
PROFIT AFTER TAXATION		7,916,433	58,944,000	2,728,734

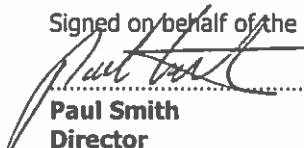
All results derive from continuing operations. A Statement of Comprehensive Income is not included as there is no other income or losses, other than those presented in the Income Statement.

MORSES CLUB LIMITED**CONSOLIDATED BALANCE SHEET
AS AT 27 FEBRUARY 2016**

ASSETS	Note	27.2.16	28.2.15	22.2.14	23.2.13
Non-current assets		£	£	£	£
Goodwill	9	1,325,959	293,807	349,355	584,664
Other intangible assets	10	9,052,036	10,390,957	19,986	37,024
Property, plant & equipment	11	1,182,390	936,011	360,511	284,506
Trade and other receivables	13	678,544	1,507,203	-	-
		<u>12,238,929</u>	<u>13,127,978</u>	<u>729,852</u>	<u>906,194</u>
Current Assets					
Trade and other receivables	13	57,706,283	80,191,516	20,334,127	20,028,294
Cash and cash equivalents		3,755,291	8,649,847	1,253,366	1,237,304
		<u>61,461,574</u>	<u>88,841,363</u>	<u>21,587,493</u>	<u>21,265,598</u>
Total assets		<u>73,700,503</u>	<u>101,969,341</u>	<u>22,317,345</u>	<u>22,171,792</u>
LIABILITIES					
Current Liabilities					
Trade and other payables	14	(7,452,049)	(3,273,756)	(911,552)	(2,071,251)
		<u>(7,452,049)</u>	<u>(3,273,756)</u>	<u>(911,552)</u>	<u>(2,071,251)</u>
Non-current liabilities					
Trade and other payables	15	(9,000,000)	-	-	(1,500,000)
Deferred Tax	17	(1,878,884)	(2,613,788)	(252,451)	(175,933)
		<u>(10,878,884)</u>	<u>(2,613,788)</u>	<u>(252,451)</u>	<u>(1,675,933)</u>
Total liabilities		<u>(18,330,933)</u>	<u>(5,887,544)</u>	<u>(1,164,003)</u>	<u>(3,747,184)</u>
NET ASSETS		<u>55,369,570</u>	<u>96,081,797</u>	<u>21,153,342</u>	<u>18,424,608</u>
Equity					
Called up share capital	18	1,295,000	74,000,000	5,000,000	5,000,000
Share Premium	19	-	5,612,227	5,612,227	5,612,227
Retained Earnings	19	54,074,570	16,469,570	10,541,115	7,812,381
TOTAL EQUITY		<u>55,369,570</u>	<u>96,081,797</u>	<u>21,153,342</u>	<u>18,424,608</u>

The consolidated financial statements of Morses Club Limited were approved by the Board of Directors on 1 April 2016.

Signed on behalf of the board of directors



Paul Smith
 Director

MORSES CLUB LIMITED**COMPANY BALANCE SHEET
AS AT 27 FEBRUARY 2016**

		27.2.16	28.2.15	22.2.14	23.2.13
ASSETS	Note	£	£	£	£
Non-current assets					
Goodwill	9	1,325,959	293,807	349,355	584,664
Other intangible assets	10	3,710,390	503,766	19,986	37,024
Investment in Subsidiary	12	1,321,416	64,822,303	-	-
Property, plant and equipment	11	1,182,390	936,011	360,511	284,506
Trade and other receivables	13	678,544	1,507,203	-	-
		<u>8,218,699</u>	<u>68,063,090</u>	<u>729,852</u>	<u>906,194</u>
Current Assets					
Trade and other receivables	13	57,706,283	80,191,516	20,334,127	20,028,294
Cash and cash equivalents		3,755,291	8,649,847	1,253,366	1,237,304
		<u>61,461,574</u>	<u>88,841,363</u>	<u>21,587,493</u>	<u>21,265,598</u>
Total assets		<u>69,680,273</u>	<u>156,904,453</u>	<u>22,317,345</u>	<u>22,171,792</u>
LIABILITIES					
Current Liabilities					
Trade and other payables	14	(8,773,465)	(73,194,175)	(911,552)	(2,071,251)
		<u>(8,773,465)</u>	<u>(73,194,175)</u>	<u>(911,552)</u>	<u>(2,071,251)</u>
Non-current liabilities					
Trade and other payables	15	(9,000,000)	-	-	(1,500,000)
Deferred tax	17	(840,177)	(636,347)	(252,451)	(175,933)
		<u>(9,840,177)</u>	<u>(636,347)</u>	<u>(252,451)</u>	<u>(1,675,933)</u>
Total liabilities		<u>(18,613,642)</u>	<u>(73,830,522)</u>	<u>(1,164,003)</u>	<u>(3,747,184)</u>
NET ASSETS		<u>51,066,631</u>	<u>83,073,931</u>	<u>21,153,342</u>	<u>18,424,608</u>
EQUITY					
Called up share capital	18	1,295,000	74,000,000	5,000,000	5,000,000
Share Premium	19	-	5,612,227	5,612,227	5,612,227
Group reconstruction reserve	19	(9,275,811)	(9,275,811)	-	-
Retained Earnings	19	59,047,442	12,737,515	10,541,115	7,812,381
TOTAL EQUITY		<u>51,066,631</u>	<u>83,073,931</u>	<u>21,153,342</u>	<u>18,424,608</u>

The financial statements of Morses Club Limited, registered number 06793980, were approved by the Board of Directors on 1 April 2016. Signed on behalf of the board of directors:


Paul Smith
Director

MORSES CLUB LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

Group	Notes	Called up share capital £	Share premium £	Retained Earnings £	Total Equity £
As at 23 February 2013		5,000,000	5,612,227	7,812,381	18,424,608
Profit for the period		-	-	2,728,734	2,728,734
Total comprehensive income for the period		-	-	2,728,734	2,728,734
As at 22 February 2014		5,000,000	5,612,227	10,541,115	21,153,342
Profit for period		-	-	58,944,000	58,944,000
Total comprehensive income for the period		-	-	58,944,000	58,944,000
Issue of new shares in period	18	69,000,000	-	-	69,000,000
Deemed distribution	22	-	-	(51,015,545)	(51,015,545)
Dividends paid		-	-	(2,000,000)	(2,000,000)
As at 28 February 2015		74,000,000	5,612,227	16,469,570	96,081,797
Profit for period		-	-	7,916,433	7,916,433
Total comprehensive income for the period		-	-	7,916,433	7,916,433
Capital reduction	18	(72,705,000)	(5,612,227)	78,317,227	-
Dividends paid		-	-	(48,628,660)	(48,628,660)
As at 27 February 2016		1,295,000	-	54,074,570	55,369,570

MORSES CLUB LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

Company	Notes	Called up share capital £	Group reconstruction reserve £	Share premium £	Retained Earnings £	Total Equity £
As at 23 February 2013		5,000,000	-	5,612,227	7,091,952	17,704,179
Effect of IFRS transition	24	-	-	-	720,429	720,429
As restated		5,000,000	-	5,612,227	7,812,381	18,424,608
Profit for the period		-	-	-	2,728,734	2,728,734
Total comprehensive income for period		-	-	-	2,728,734	2,728,734
As at 22 February 2014		5,000,000	-	5,612,227	10,541,115	21,153,342
Profit for the period		-	-	-	4,196,400	4,196,400
Total comprehensive income for the period		-	-	-	4,196,400	4,196,400
Issue of new shares in the period	17	69,000,000	-	-	-	69,000,000
Group reconstruction	22	-	(9,275,811)	-	-	(9,275,811)
Dividends paid		-	-	-	(2,000,000)	(2,000,000)
As at 28 February 2015		74,000,000	(9,275,811)	5,612,227	12,737,515	83,073,931
Profit for the period		-	-	-	16,621,360	16,621,360
Total comprehensive income for the period		-	-	-	16,621,360	16,621,360
Capital reduction	17	(72,705,000)	-	(5,612,227)	78,317,227	-
Dividends paid		-	-	-	(48,628,660)	(48,628,660)
As at 27 February 2016		1,295,000	(9,275,811)	-	59,047,442	51,066,631

Dividend per share

	52 weeks ended 27.2.16	53 weeks ended 28.2.15	52 weeks Ended 22.2.14
Dividends paid	48,628,660	2,000,000	-
Weighted average number of shares	129,500,000	126,702,703	60,500,000
Dividend per share (pence)	38	2	-

MORSES CLUB LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

	Notes	27.2.16 £	28.2.15 £	22.2.14 £
Net cash inflow from operating activities	1	14,810,405	5,036,477	1,753,842
Net cash outflow from financing activities	2	(9,146,726)	(2,001,213)	(1,547,799)
Net cash (outflow) / inflow from investing activities	2	(10,558,235)	4,361,217	(189,981)
(Decrease)/increase in cash and cash equivalents		<u>(4,894,556)</u>	<u>7,396,481</u>	<u>16,062</u>
Reconciliation of (decrease)/increase in cash and cash equivalents to movement in net debt				
(Decrease)/increase in cash and cash equivalents		<u>(4,894,556)</u>	<u>7,396,481</u>	<u>16,062</u>
Change in cash and cash equivalents resulting from cash flows		<u>(4,894,556)</u>	<u>7,396,481</u>	<u>16,062</u>
Movement in cash and cash equivalents in the period		<u>(4,894,556)</u>	<u>7,396,481</u>	<u>16,062</u>
Cash and cash equivalents, beginning of period		<u>8,649,847</u>	<u>1,253,366</u>	<u>1,237,304</u>
Cash and cash equivalents, end of period		<u><u>3,755,291</u></u>	<u><u>8,649,847</u></u>	<u><u>1,253,366</u></u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****1 RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	27.2.16	28.2.15	22.2.14
	£	£	£
Profit before taxation	10,374,110	58,565,204	3,538,809
Depreciation charges	736,061	595,913	113,976
Impairment of goodwill	41,889	55,548	235,309
Amortisation of intangibles	5,682,968	8,574,015	17,038
Gain on acquisition	(32,191)	(51,960,552)	-
Loss on disposal of Fixed Assets	146,235	40,398	-
(Increase)/decrease in debtors	27,532,051	(14,803,230)	226,136
Dividend in specie to Perpignon Limited	(31,128,660)	-	-
Increase/(Decrease) in creditors	2,548,082	4,767,968	(1,482,906)
Interest paid included in financing activities	646,726	1,213	47,799
	<u>6,173,161</u>	<u>(52,728,727)</u>	<u>(842,648)</u>
Taxation paid	(1,736,866)	(800,000)	(942,319)
Net cash inflow from operating activities	<u>14,810,405</u>	<u>5,036,477</u>	<u>1,753,842</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	27.2.16	28.2.15	22.2.14
	£	£	£
Financing activities			
Dividends paid	(17,500,000)	(2,000,000)	-
Repayment of long term debt	-	-	(1,500,000)
Proceeds from additional long term debt	9,000,000	-	-
Interest paid	(646,726)	(1,213)	(47,799)
Net cash outflow from financing activities	<u>(9,146,726)</u>	<u>(2,001,213)</u>	<u>(1,547,799)</u>
Investing activities			
Purchase of intangibles	(2,522,948)	(415,763)	-
Purchase of property, plant and equipment	(1,152,405)	(342,521)	(189,981)
Proceeds on disposal of property plant and equipment	500,598	-	-
Acquisitions	(7,383,480)	-	-
Cash acquired through acquisition	-	5,119,501	-
Net cash (outflow)/inflow from investing activities	<u>(10,558,235)</u>	<u>4,361,217</u>	<u>(189,981)</u>

MORSES CLUB LIMITED**COMPANY CASH FLOW STATEMENT
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

		27.2.16	28.2.15	22.2.14
	Notes	£	£	£
Net cash inflow from operating activities	1	14,810,405	9,360,313	1,753,842
Net cash outflow from financing activities	2	(9,146,726)	(2,001,213)	(1,547,799)
Net cash (outflow)/inflow from investing activities	2	(10,558,235)	37,381	(189,981)
		<hr/>	<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents		(4,894,556)	7,396,481	16,062
		<hr/>	<hr/>	<hr/>
Reconciliation of (decrease)/increase in cash and cash equivalents to movement in net debt				
(Decrease)/increase in cash and cash equivalents		<hr/> (4,894,556)	<hr/> 7,396,481	<hr/> 16,062
Change in cash and cash equivalents resulting from cash flows		<hr/> (4,894,556)	<hr/> 7,396,481	<hr/> 16,062
Movement in cash and cash equivalents in the period		<hr/> (4,894,556)	<hr/> 7,396,481	<hr/> 16,062
Cash and cash equivalents, beginning of period		<hr/> 8,649,847	<hr/> 1,253,366	<hr/> 1,237,304
Cash and cash equivalents, end of period		<hr/> 3,755,291	<hr/> 8,649,847	<hr/> 1,253,366

MORSES CLUB LIMITED**NOTES TO THE COMPANY CASH FLOW STATEMENT
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****1 RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	27.2.16	28.2.15	22.2.14
	£	£	£
Profit before taxation	20,017,770	4,251,174	3,538,809
Dividend in specie from subsidiary	(68,599,000)	-	-
Depreciation charges	736,062	139,517	113,976
Gain on acquisition	(32,191)	-	-
Amortisation of intangibles	1,137,423	189,321	17,038
Impairment of goodwill	41,889	55,548	235,309
Impairment of investment	63,500,887	-	-
Loss on disposal of Fixed Assets	146,234	3,323	-
(Increase)/decrease in debtors	27,532,051	383,474	226,136
Dividend in specie to Perpignon Limited	(31,128,660)	-	-
Increase/(Decrease) in creditors	2,548,080	5,136,743	(1,482,906)
Interest paid included in financing activities	646,726	1,213	47,799
	<u>(3,470,499)</u>	<u>5,909,139</u>	<u>(842,648)</u>
Taxation paid	(1,736,866)	(800,000)	(942,319)
Net cash inflow from operating activities	<u>14,810,405</u>	<u>9,360,313</u>	<u>1,753,842</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	27.2.16	28.2.15	22.2.14
	£	£	£
Financing activities			
Dividends paid	(17,500,000)	(2,000,000)	-
Repayment of long term debt	-	-	(1,500,000)
Proceeds from additional long term debt	9,000,000	-	-
Interest paid	(646,726)	(1,213)	(47,799)
Net cash outflow from financing activities	<u>(9,146,726)</u>	<u>(2,001,213)</u>	<u>(1,547,799)</u>
Investing activities			
Purchase of intangibles	(2,522,948)	(415,763)	-
Purchase of property, plant and equipment	(1,152,405)	(342,521)	(189,981)
Proceeds on disposal of property, plant and equipment	500,598	-	-
Purchase of acquisitions	(7,383,480)	-	-
Cash acquired through hive up	-	445,076	-
Net cash (outflow)/inflow from investing activities	<u>(10,558,235)</u>	<u>37,381</u>	<u>(189,981)</u>

MORSES CLUB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016

1. ACCOUNTING POLICIES

General information

The Company is a private limited Company incorporated and domiciled in the UK. The address of its registered office is Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, West Yorkshire, WF17 9TD.

Accounting convention

The financial statements have been prepared under International Financial Reporting Standards (IFRS) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The Company financial statements have also been prepared in accordance with IFRS endorsed by the European Union. These financial statements have been prepared under the historical cost convention. The consolidated financial statements incorporate the financial statements of the Company and its subsidiary for the period ended 27 February 2016.

These financial statements are presented under IFRS for the first time this period and comparative balances have been restated accordingly. The effective date of transition is 24 February 2013. The primary changes to accounting policies and their impact on the Company's results and its financial position is set out in note 24.

In the current period and in accordance with IFRS requirements, certain new and revised Standards and Interpretations have been adopted but these have had no significant effect on the amounts reported in these financial statements.

New and amended standards adopted by the Group and Company

IAS 32 (amendments)	Offsetting Financial Assets and Liabilities
IAS 7	Statement of Cash Flows
IAS 39	Financial Instruments

At the date of authorisation of these financial statements the following Standards and interpretations which have not been applied in these financial statements were in issue but not yet effective

IFRS 9	Financial Instruments
IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 11	Acquisition of an Interest in a Joint Operation
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IAS 16 & 38	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 19	Defined Benefit Plans: Employee Contributions
IAS 27	Separate Financial Statements
Annual Improvements to IFRS	2010-2012 Cycle
Annual Improvements to IFRS	2011-2013 Cycle
Annual Improvements to IFRS	2012-2014 Cycle

The adoption of IFRS 9, IFRS 15 and IFRS 16 may have a material impact on the financial assets reported by the Group. It is not practical to provide a reasonable estimate of the effect of these Standards until a more detailed review is undertaken.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 27 February 2016.

Revenue recognition

Interest income is recognised in the income statement for all loans and receivables measured at amortised cost using the effective interest rate method (EIR). The EIR is the rate that exactly discounts estimated future cash flows of the loan back to the present value of the advance. Under IAS 39 credit charges on loan products continue to accrue at the EIR on all impaired capital balances throughout the life of the agreement irrespective of the terms of the loan and whether the customer is actually being charged arrears interest. This is referred to as the gross up adjustment to revenue and is offset by a corresponding gross up adjustment to the loan loss provisioning charge to reflect the fact that this additional revenue is not collectable.

MORSES CLUB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

1. ACCOUNTING POLICIES - continued

Net Loan Book

All customer receivables are initially recognised at the amount loaned to the customer. After initial recognition the amounts receivable from customers are subsequently measured at amortised cost.

The directors assess on an on-going basis whether there is objective evidence that a loan asset or group of loan assets is impaired and requires a deduction for impairment. A loan asset or a group of loan assets is deemed to be impaired only if there has been a trigger event. A trigger event is defined as when the cumulative amount of two or more contractual weekly payments have been missed in the previous 13 weeks. Impairment is calculated using models which use historical payment performance to calculate the estimated amount and timing of future cash flows from each arrears stage. Impairment is then calculated by estimating the future cash flows for such impaired loans, discounting the cash-flows to a present value using the original EIR and comparing this figure with the balance sheet carrying value. All such impairments are charged to the income statement. For all accounts which are not impaired, a further incurred but not reported provision (IBNR) is calculated and charged to the income statement based on management's estimates of the propensity of these accounts to default from conditions which existed at the balance sheet date.

Key assumptions in ascertaining whether a loan asset or group of loan assets is impaired include information regarding the probability of any account going into default and information regarding the likely eventual loss including recoveries. These assumptions and assumptions for estimating future cash flows are based upon observed historical data and updated as management considers appropriate to reflect current and future conditions. All assumptions are reviewed regularly to take account of differences between previously estimated cash flows on impaired debt and the eventual losses.

Merger accounting

Group reconstructions, including transfers of trade and assets and acquisition of companies within the Perpignon Limited Group are accounted for using merger accounting. As a result, any assets and liabilities are transferred at carrying value rather than fair value. The difference between the carrying value of assets and liabilities transferred and the consideration paid is taken directly to the group reconstruction reserve.

On 28 February 2015 the Company acquired 100% of the ordinary share capital of Shopacheck Financial Services Limited (SFS) from the Company's parent company, Perpignon Limited. Immediately following the acquisition the trade and assets of SFS were hived up into Morses Club Limited at carrying value. Perpignon Limited had acquired 100% of the ordinary share capital of Shopacheck Financial Services Limited on 10 March 2014. This group reconstruction, which includes the transfer of a previously acquired subsidiary, has been accounted for using merger accounting and therefore;

- the Company financial statements reflect the Company's acquisition of SFS and subsequent hive up of trade and assets being completed on 28 February 2015
- the consolidated financial statements are prepared as if the new legal structure had been in place from 10 March 2014. Goodwill and fair value adjustments have been calculated on this basis and the results of Shopacheck Financial Services Limited are included from 10 March 2014, the date of the original acquisition.

Business combinations

Acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that: deferred tax assets or liabilities and assets are recognised and measured in accordance with IAS 12 Income Taxes

Goodwill

Goodwill arising on the acquisition of business combinations, representing any excess of fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and reviewed for impairment at least annually.

Gains on acquisition arising on the purchase of a business are recognised directly in the income statement.

MORSES CLUB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

1. ACCOUNTING POLICIES - continued

Other intangibles assets

Other intangible assets include acquisition intangibles in respect of customer relationships and agent networks.

The fair value of customer relationships on acquisition has been estimated by discounting the expected future cash flows from the relationships over their estimated useful economic lives of 10 years, such estimate being based on previous experience of similar acquisitions. The assets will be amortised over their estimated useful lives in line with the discounted expected future cash flows in each period.

The fair value of agent networks on acquisition is calculated based on the estimated cost of developing a similar network organically. The assets are amortised over their estimated useful economic lives of 10 years, such estimate being based on previous experience of similar acquisitions, in line with the discounted expected future cash flows from the customer relationships associated with the agent network.

Software, servers and licences are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Software	-	20% on cost
Servers and licences	-	20% on cost

Amortisation is included within administration expenses.

Property, plant and equipment

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Computers and PDA's	-	20%-33% on cost
Fixtures & fittings	-	20% on cost

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the income statement in the period to which they relate.

Going concern

The directors have considered the appropriateness of adopting the going concern basis in preparation of these financial statements.

The Group has prepared a 3 year business plan which is a continuation of its strategy of generating growth through organic and acquisitive means. As part of its application for an AIM listing the Group has carried out a rigorous working capital review on the business plan.

In addition to standard internal governance the Group is also monitored against key financial covenants tied in with the current funding facilities. These are produced and submitted on a monthly basis, with key schedules included in the monthly Board Papers.

The Group is subject to a number of risks and uncertainties which arise as a result of the current economic environment. In determining that the Group is a going concern these risks, which are described in the principal risks and uncertainties section, have been considered by the directors. The directors have considered these risks in the Group's forecasts and projections which highlight continued profitability for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

MORSES CLUB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

1. ACCOUNTING POLICIES - continued

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Leasehold

Costs incurred in refurbishing or fitting out leasehold properties are capitalised and depreciated over the length of the relevant lease. At period end these assets had a £nil carrying value having been fully depreciated during the period.

Segment Reporting

IFRS 8 Operating Segments requires segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ('CODM').

All results are viewed as one segment by the CODM for the purposes of management decisions. This is because all operations are conducted within the UK and all material operations are of the same nature and share the same economic characteristics including a similar customer base and nature of products and services (i.e. consumer credit). As a result, the Group only has one reportable segment being consumer credit.

Critical accounting judgements and key sources of estimation uncertainty

The following areas are the critical judgements and key sources of estimation uncertainty that the directors have made in applying the Group's accounting policies:

Business combinations

During the period the Company has made a series of acquisitions. Management has made judgements as to whether each of the acquisitions constitutes a business and therefore is required to be accounted for as a business combination in accordance with IFRS 3.

1. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty – continued

Other intangible assets – customer lists

Customer lists have been allocated a fair value on acquisition as the relationships are an important influence on the revenue generating capacity of the business.

The customer lists have been valued based on the present value of expected future cash flows.

The calculation of the customer list intangible asset reflects a number of key judgements and estimates, which have a material effect on the carrying value of the asset. These include:

- Cash flow forecasts have been produced following acquisitions, which involves a number of judgements and estimates, particularly in respect of future business volumes from acquired customers and collections performance.
- The customer list intangible assets are amortised in line with the discounted expected cash flows in each period.
- The discount rate applied to the forecast future cash flows has been estimated based on the weighted average cost of capital of the Group at the date of acquisition.

The nature and inherent uncertainty relating to the above judgements and estimates means that the forecast cash flows may be materially different from actual cash flows. A material future reduction in forecast surplus cash flows from customer lists would necessitate a full impairment review and the possibility of a material impairment charge in future periods.

Goodwill

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as intangible assets with finite lives are amortised, whereas intangible assets with indefinite lives, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to intangible assets with finite lives and those with indefinite lives.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The Value in Use calculation is determined based on the number of acquired customers with active accounts at the period end compared to the estimated number using an annual churn rate of 10% (2015 and 2014: 10%). Goodwill is impaired to the extent that actual active customers are lower than the estimated number.

Impairment

The Group reviews its portfolio of loans and receivables for impairment at each balance sheet date. For the purpose of assessing the impairment of customer loans and receivables, customers are categorised into arrears stages as this is considered to be the most reliable indication of payment performance. The Group makes judgements to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cash flows.

Once a loan is deemed to be impaired, the Group is required to estimate the quantum and timing of cash flows that will be recovered, which are discounted to present value based on the EIR of the loan. Receivables are impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 13 weeks, since only at this point do the expected future cash flows from loans deteriorate significantly. Impairment is calculated using models which use historical payment performance to generate the estimated amount and timing of future cash flows from each arrears stage. Management use a combination of historical cash performance curves to estimate future cash flows. These estimations are revised annually and approved by management. In addition to this provision a further provision is made for receivables that have not yet missed two or more payments in the previous 13 but may have the propensity to become impaired in the near future.

MORSES CLUB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

1. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty – continued

Revenue Recognition

Under IAS 39 interest income should be recognised on the shorter of the expected life or the contractual life of the loan. Under IAS 39 management has judged that interest income should be recognised over the contractual life of the loan based on historical loan book performance.

2. STAFF COSTS

	52 weeks ended 27.2.16 £	53 weeks ended 28.2.15 £	52 weeks ended 22.2.14 £
Wages and salaries	14,231,476	14,284,071	3,307,293
Social security costs	1,988,509	1,629,616	560,275
Other pension costs (note 20)	377,019	358,187	52,596
	<u>16,597,004</u>	<u>16,271,874</u>	<u>3,920,164</u>

The average monthly number of employees during the period was as follows:

	52 weeks ended 27.2.16	53 weeks ended 28.2.15	52 weeks ended 22.2.14
Management	131	137	31
Clerical & field staff	452	398	113
	<u>583</u>	<u>535</u>	<u>144</u>

Redundancy costs total £782,920 (2015 - £407,197) (2014 - £1,990). These are a combination of post-acquisition integration costs and business as usual restructuring costs (see note 3).

The table above excludes the network of self-employed agents.

3. RESTRUCTURING COSTS

Following the acquisition of Shopacheck Financial Services Limited in the prior period, and the acquisition of certain trade and assets from KDS Finance, Sunnyside Clothing and Supplies Limited and Lagans Finance within the current period and their subsequent integration within Morses Club Limited, £782,920 (2015- £560,197) (2014 - £1,990) of restructuring costs were incurred, including redundancy costs of £782,920 (2015 - £407,197) (2014 - £1,990). These have been included within administration expenses.

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****4. PROFIT BEFORE TAXATION**

Profit before tax is stated after charging:

	52 weeks ended 27.2.16 £	53 weeks ended 28.2.15 £	52 weeks ended 22.2.14 £
Depreciation - owned assets	736,062	785,145	131,014
Amortisation of intangibles	5,682,968	8,384,784	-
Impairment of goodwill	41,889	55,548	235,309
Operating lease rentals - Motor vehicles	1,714,788	1,709,619	465,855
Operating lease rentals - Property	1,258,738	1,345,052	265,792
Restructuring costs (note 3)	<u>782,920</u>	<u>560,197</u>	<u>1,990</u>
Directors' remuneration (including key management personnel)	<u>967,502</u>	<u>560,963</u>	<u>297,266</u>
Directors' pension contributions to money purchase schemes	<u>15,726</u>	<u>39,658</u>	<u>10,493</u>
The number of directors to whom retirement benefits were accruing was as follows:			
Money purchase schemes	<u>6</u>	<u>3</u>	<u>2</u>
Information regarding the highest paid director is as follows:			
	52 weeks ended 27.2.16 £	53 weeks ended 28.2.15 £	52 weeks Ended 22.2.14 £
Emoluments	208,770	205,407	174,947
Pension contributions to money purchase schemes	<u>3,000</u>	<u>28,908</u>	<u>8,093</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****4. PROFIT BEFORE TAX - continued**

The analysis of auditor's remuneration is as follows:	52 weeks ended 27.2.16 £	53 weeks ended 28.2.15 £	52 weeks Ended 22.2.14 £
Fees payable to the Company's auditor for the audit of the Group's:			
- Financial statements	122,500	39,704	27,500
Fees payable to the Company's auditor and their associates for other services to the Group:			
- Subsidiary audit fee	2,000	79,019	-
Total audit fees	124,500	118,723	27,500
Audit related assurance services	500	-	-
Taxation compliance services	19,300	-	-
Other taxation advisory services	11,000	23,501	-
Other assurance services	9,500	-	-
Corporate finance Services	382,000	-	-
Other services	32,500	-	-
Total non-audit fees	454,800	23,501	-

5. FINANCE COSTS

	52 weeks ended 27.2.16 £	53 weeks ended 28.2.15 £	52 weeks Ended 22.2.14 £
Other interest payable	646,726	1,213	47,799
Total interest payable	646,726	1,213	47,799

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****6. TAXATION****Analysis of the tax charge**

The tax charge/(credit) on profit before tax for the period was as follows:

	52 weeks ended 27.2.16 £	53 weeks ended 28.2.15 £	52 weeks Ended 22.2.14 £
Current tax:			
UK corporation tax	3,367,075	914,264	733,557
Deferred tax:			
Origination and reversal of timing differences	(1,050,449)	(1,370,202)	88,653
Adjustment in respect of prior periods	147,429	(3,096)	-
Effect of change of tax rates	(6,378)	80,238	(12,135)
Total deferred tax	(909,398)	(1,293,060)	76,518
Tax on profit on ordinary activities	<u>2,457,677</u>	<u>(378,796)</u>	<u>810,075</u>

Factors affecting the tax charge

The tax assessed for the period is higher (2015 - lower) (2014 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	52 weeks ended 27.2.16 £	53 weeks ended 28.2.15 £	52 weeks Ended 22.2.14 £
Profit on ordinary activities before tax	<u>10,374,110</u>	<u>58,565,204</u>	<u>3,538,809</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2015 - 21.17%) (2014 - 23.08%)	2,100,757	12,395,590	816,757
Effects of:			
Expenses not deductible for tax purposes	238,581	2,007	5,453
Gain on acquisition	(6,519)	(12,017,786)	-
Effect of changes in tax rate	(6,378)	80,238	(12,135)
Fixed asset recognition on Hive up	-	(320,531)	-
Adjustment in respect of prior periods	197,297	(3,096)	-
Tax losses surrendered by Perpignon Group	(66,061)	(515,218)	-
Tax on profit on ordinary activities	<u>2,457,677</u>	<u>(378,796)</u>	<u>810,075</u>

MORSES CLUB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

6. TAXATION - continued

In recent periods the UK Government has steadily reduced the rate of UK corporation tax, with the rates substantively enacted in July 2013 being 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015 and in the Budget on 8 July 2015, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. These proposals were substantively enacted at the balance sheet date. The closing deferred tax assets and liabilities have been calculated at 19% in accordance with the rates enacted at the balance sheet date.

The standard rate of corporation tax applicable for the period ended 27 February 2016 is 20.25% (2015 – 21.17%) (2014 – 23.08%).

7. EARNINGS PER SHARE

	52 weeks ended	53 weeks ended	52 weeks ended
Earnings (£)	7,916,433	58,944,000	2,728,734
Weighted average number of shares	129,500,000	126,702,703	60,500,000
Per share amount (pence)	6	47	5

There are no options or warrants that are dilutive and therefore no diluted earnings per share has been included.

On 28 February 2015, Morses Club Limited issued £69,000,000 £1 ordinary shares to fund the acquisition of SFS from Perpignon Limited. The consolidated financial statements are prepared as if Morses Club Limited acquired SFS on 10 March 2014, being the date that Perpignon Limited acquired SFS. Therefore in accordance with IAS 33 (22), for the purpose of calculating the weighted average number of shares in 2015, it has been assumed that the shares were issued on 10 March 2014, being the date from which the results of SFS are incorporated by Morses Club Limited. See note 22 for more information on the acquisition.

On 25 February 2016 the Company cancelled 72,705,000 shares and divided the remaining into 129,500,000 1p shares. This transaction changed the number of ordinary shares outstanding without a corresponding change in total equity. The Earnings per Share calculations have been adjusted retrospectively in accordance with IAS 33 (26), increasing the weighted average number of shares by 55,500,000. See note 18 for more information.

An adjusted Earnings per Share measure has been presented below which excludes the gain arising of acquisitions of £32,191 (2015- £51,960,552) (2014 - £nil):

	52 weeks ended	53 weeks ended	52 weeks ended
Adjusted Earnings (£)	7,884,242	6,983,448	2,728,734
Weighted average number of shares	129,500,000	126,702,703	60,500,000
Adjusted per share amount (pence)	6	6	5

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****8. PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial period was £16,621,360 (2015 - profit £4,196,401) (2014 – profit £2,728,734).

9. GOODWILL

	Goodwill
Group and Company	£
COST	
At 23 February 2013, 22 February 2014, 28 February 2015	584,664
Additions	<u>1,074,041</u>
At 27 February 2016	<u>1,658,705</u>
Impairment	
At 23 February 2013	-
Impairment charge for the period	<u>(235,309)</u>
At 22 February 2014	(235,309)
Impairment charge for the period	<u>(55,548)</u>
At 28 February 2015	(290,857)
Impairment charge for the period	<u>(41,889)</u>
At 27 February 2016	<u>(332,746)</u>
NET BOOK VALUE	
At 27 February 2016	<u>1,325,959</u>
At 28 February 2015	<u>293,807</u>
At 22 February 2014	<u>349,355</u>
At 23 February 2013	<u>584,664</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**9. **GOODWILL - continued****Allocation of goodwill to cash generating units**

A goodwill impairment review is carried out at the level of a 'cash-generating unit', defined as the smallest identifiable group of assets, liabilities and associated goodwill that generates cash inflows that are largely independent of the Group's other cash flows from other assets or groups of assets. On this basis, the impairment review has been conducted on four cash-generating units identified as containing an element of goodwill. An impairment review was performed on the goodwill associated with trade and assets acquired from M&M Finance Limited and Naughton Finance Limited. The goodwill arising on the acquisitions of KDS Finance and Lagans Finance (see note 22) during the period has not been impaired.

Goodwill is reviewed for impairment annually by comparison of the carrying value of the cash-generating unit to the recoverable amount. If the carrying value exceeds the recoverable amount, goodwill is considered impaired. The amount of impairment loss is measured as the difference between the carrying value and the recoverable amount.

The carrying value of goodwill at each period end was as follows:

	27.2.16	28.2.15	22.2.14
	£	£	£
KDS Finance:			
Carrying value of goodwill before impairment charge	958,801	-	-
Less: impairment	-	-	-
Carrying value of goodwill	<u>958,801</u>	<u>-</u>	<u>-</u>
Lagans Finance:			
Carrying value of goodwill before impairment charge	115,240	-	-
Less: impairment	-	-	-
Carrying value of goodwill	<u>115,240</u>	<u>-</u>	<u>-</u>
M&M Finance Limited:			
Carrying value of goodwill before impairment charge	43,232	49,367	62,137
Less: impairment	(3,900)	(6,135)	(12,770)
Carrying value of goodwill	<u>39,332</u>	<u>43,232</u>	<u>49,367</u>
Naughton Finance Limited:			
Carrying value of goodwill before impairment charge	250,575	299,988	522,527
Less: impairment	(37,989)	(49,413)	(222,539)
Carrying value of goodwill	<u>212,586</u>	<u>250,575</u>	<u>299,988</u>
 Total carrying value	 <u>1,325,959</u>	 <u>293,807</u>	 <u>349,355</u>

Key assumptions used in goodwill impairment review

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

The recoverable amount of both M&M Finance Limited and Naughton Finance Limited cash generating units is determined based on a value in use calculation based of the number of acquired customers with active accounts at the period end compared to the estimated number using an annual churn rate of 10% (2015 and 2014: 10%). Goodwill is impaired to the extent that the recoverable amount is less than the carrying value.

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****10. OTHER INTANGIBLE ASSETS****Group**

	Software Servers, & Licences £	Customer Lists £	Agent Networks £	Totals £
COST				
At 23 February 2013 and 22 February 2014	960,050	-	-	960,050
Additions	415,763	-	-	415,763
Acquisitions	257,248	17,551,975	720,000	18,529,223
At 28 February 2015	1,633,061	17,551,975	720,000	19,905,036
Additions	2,522,948	-	-	2,522,948
Acquisitions	-	1,756,749	64,350	1,821,099
At 27 February 2016	4,156,009	19,308,724	784,350	24,249,083
ACCUMULATED AMORTISATION				
At 23 February 2013	923,026	-	-	923,026
Charge for period	17,038	-	-	17,038
At 22 February 2014	940,064	-	-	940,064
Charge for period	189,231	8,054,385	330,399	8,574,015
At 28 February 2015	1,129,295	8,054,385	330,399	9,514,079
Charge for period	275,095	5,195,214	212,659	5,682,968
At 27 February 2016	1,404,390	13,249,599	543,058	15,197,047
NET BOOK VALUE				
At 27 February 2016	2,751,619	6,059,125	241,292	9,052,036
At 28 February 2015	503,766	9,497,590	389,601	10,390,957
At 22 February 2014	19,986	-	-	19,986
At 23 February 2013	37,024	-	-	37,024

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****10. OTHER INTANGIBLE ASSETS - continued****Company**

	Software Servers, & Licences £	Customer Lists £	Agent Networks £	Totals £
COST				
At 23 February 2013 and 22 February 2014	960,050	-	-	960,050
Additions	415,763	-	-	415,763
Acquisitions	257,248	-	-	257,248
At 28 February 2015	1,633,061	-	-	1,633,061
Additions	2,522,948	-	-	2,522,948
Acquisitions	-	1,756,749	64,350	1,821,099
At 27 February 2016	4,156,009	1,756,749	64,350	5,977,108
ACCUMULATED AMORTISATION				
At 23 February 2013	923,026	-	-	923,026
Charge for period	17,038	-	-	17,038
At 22 February 2014	940,064	-	-	940,064
Charge for period	189,231	-	-	189,231
At 28 February 2015	1,129,295	-	-	1,129,295
Charge for period	275,095	828,784	33,544	1,137,423
At 27 February 2016	1,404,390	828,784	33,544	2,266,718
NET BOOK VALUE				
At 27 February 2016	2,751,619	927,965	30,806	3,710,390
At 28 February 2015	503,766	-	-	503,766
At 22 February 2014	19,986	-	-	19,986
At 23 February 2013	37,024	-	-	37,024

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****11. PROPERTY, PLANT & EQUIPMENT****Group**

	Computers and PDA's £	Fixtures & fittings £	Leasehold £	Motor Vehicles £	Totals £
COST					
At 28 February 2015	2,081,672	36,389	2,587	-	2,120,648
Additions	847,239	76,489	-	-	923,728
Disposals	(1,198,801)	-	-	(705,543)	(1,904,344)
Acquisitions	-	-	-	705,543	705,543
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 27 February 2016	1,730,110	112,878	2,587	-	1,845,575
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION					
At 28 February 2015	1,171,502	10,548	2,587	-	1,184,637
Charge for period	498,900	23,443	-	213,718	736,061
Disposals	(1,043,795)	-	-	(213,718)	(1,257,513)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 27 February 2016	626,607	33,991	2,587	-	663,185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE					
At 27 February 2016	<u>1,103,503</u>	<u>78,887</u>	<u>-</u>	<u>-</u>	<u>1,182,390</u>
At 28 February 2015	<u>910,170</u>	<u>25,841</u>	<u>-</u>	<u>-</u>	<u>936,011</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****11. PROPERTY, PLANT & EQUIPMENT - continued****Company**

	Computers and PDA's £	Fixtures & fittings £	Motor Vehicles £	Totals £
COST				
At 28 February 2015	1,674,367	25,841	-	1,700,208
Additions	847,239	76,489	-	923,728
Disposals	(1,198,801)		(705,543)	(1,904,344)
Acquisitions	-	-	705,543	705,543
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 27 February 2016	1,322,805	102,330	-	1,425,135
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 28 February 2015	764,197	-	-	764,197
Charge for period	498,900	23,443	213,718	736,061
Disposals	(1,043,795)	-	(213,718)	(1,257,513)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 27 February 2016	219,302	23,443	-	242,745
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 27 February 2016	1,103,503	78,887	-	1,182,390
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 28 February 2015	910,170	25,841	-	936,011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****11. PROPERTY, PLANT & EQUIPMENT - continued****Group**

	Computers and PDA's £	Fixtures & fittings £	Leasehold £	Totals £
COST				
At 22 February 2014	981,868	6,827	-	988,695
Additions	342,520	-	-	342,520
Disposals	-	(73,743)	(6,116)	(79,859)
Acquisitions	757,284	103,305	8,703	869,292
	<u>2,081,672</u>	<u>36,389</u>	<u>2,587</u>	<u>2,120,648</u>
DEPRECIATION				
At 22 February 2014	624,680	3,504	-	628,184
Charge for period	546,822	43,852	5,240	595,913
Disposals	-	(36,808)	(2,653)	(39,461)
	<u>1,171,502</u>	<u>10,548</u>	<u>2,587</u>	<u>1,184,636</u>
NET BOOK VALUE				
At 28 February 2015	<u>910,170</u>	<u>25,841</u>	<u>-</u>	<u>936,011</u>
At 22 February 2014	<u>357,188</u>	<u>3,323</u>	<u>-</u>	<u>360,511</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****11. PROPERTY, PLANT & EQUIPMENT - continued****Company**

	Computers and PDA's £	Fixtures & fittings £	Leasehold £	Totals £
COST				
At 22 February 2014	981,868	6,827	-	988,695
Additions	18,613	-	-	18,613
Disposals	-	(6,827)	-	(6,827)
Hived up from subsidiary	673,886	25,841	-	699,727
	<u>1,674,367</u>	<u>25,841</u>	<u>-</u>	<u>1,700,208</u>
DEPRECIATION				
At 22 February 2014	624,680	3,504	-	628,184
Charge for period	139,517	-	-	139,517
Disposals	-	(3,504)	-	(3,504)
	<u>764,197</u>	<u>-</u>	<u>-</u>	<u>764,197</u>
NET BOOK VALUE				
At 28 February 2015	<u>910,170</u>	<u>25,841</u>	<u>-</u>	<u>936,011</u>
At 22 February 2014	<u>357,188</u>	<u>3,323</u>	<u>-</u>	<u>360,511</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****11. PROPERTY, PLANT & EQUIPMENT - continued****Group and Company**

	Computers and PDA's £	Fixtures & fittings £	Leasehold £	Totals £
COST				
At 23 February 2013	794,959	3,755	-	798,714
Additions	186,909	3,072	-	189,981
At 22 February 2014	981,868	6,827	-	988,695
DEPRECIATION				
At 23 February 2013	512,027	2,181	-	514,208
Charge for period	112,653	1,323	-	113,976
At 22 February 2014	624,680	3,504	-	628,184
NET BOOK VALUE				
At 22 February 2014	357,188	3,323	-	360,511
At 23 February 2013	282,932	1,574	-	284,506

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****12. INVESTMENT IN SUBSIDIARIES****Company**

	£
COST	
At 23 February 2013 and 22 February 2014	-
Additions	64,822,303
At 28 February 2015	64,822,303
Impairment	(63,500,887)
At 27 February 2016	1,321,416

Investments in subsidiary undertakings are stated at cost less any provision for impairment. On 28 February 2015 the Company acquired 100% of the ordinary share capital of SFS from its immediate parent company, Perpignon Limited. As a result, the Company owns 100% of the ordinary share capital of the following subsidiary undertaking, which is included in the Group's consolidation:

- Shopacheck Financial Services Limited, a Company registered in England and Wales, whose principal activity is the provision of consumer credit.

During the current period SFS paid a dividend in specie of £68,599,000 to the Company which resulted in a reduction in the intercompany balance to £1,321,416 with a corresponding reduction in SFS' net assets by this amount. As a result, the Company's investment in SFS was reduced to its recoverable amount, which was deemed to be the revised net assets of SFS, resulting in an impairment of £63,500,887

13. TRADE AND OTHER RECEIVABLES**Group and Company**

	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Amounts falling due within one year:				
Net receivable from advances to customers	56,152,470	53,976,384	13,911,437	13,485,487
Amounts falling due after one year:				
Net receivable from advances to customers	678,544	1,507,203	-	-
Net loan book	56,831,014	55,483,587	13,911,437	13,485,487
Amounts owed by Perpignon group undertakings	74,869	25,213,910	6,005,629	5,473,660
Other debtors	238,255	155,918	118,570	630,899
Prepayments	1,240,689	845,304	298,491	438,248
	<u>58,384,827</u>	<u>81,698,719</u>	<u>20,334,127</u>	<u>20,028,294</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****13. TRADE AND OTHER RECEIVABLES - continued****Amounts receivable from customers****Group and Company**

	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Amounts receivable from customers	<u>56,831,014</u>	<u>55,483,587</u>	<u>13,911,437</u>	<u>13,485,487</u>
Analysis by future date due				
- due within one year	56,152,470	53,976,384	13,911,437	13,485,487
- due in more than one year	<u>678,544</u>	<u>1,507,203</u>	-	-
Amounts receivable from customers	<u>56,831,014</u>	<u>55,483,587</u>	<u>13,911,437</u>	<u>13,485,487</u>
Analysis by security				
Other loans not secured	<u>56,831,014</u>	<u>55,483,587</u>	<u>13,911,437</u>	<u>13,485,487</u>
Amounts receivable from customers	<u>56,831,014</u>	<u>55,483,587</u>	<u>13,911,437</u>	<u>13,485,487</u>
Analysis of overdue				
Neither Past due Nor impaired	38,568,398	35,959,342	9,423,158	7,464,414
Past Due not Impaired	276,704	487,942	303,860	282,673
Impaired	<u>17,985,912</u>	<u>19,036,303</u>	<u>4,184,419</u>	<u>5,738,400</u>
Amounts receivable from customers	<u>56,831,014</u>	<u>55,483,587</u>	<u>13,911,437</u>	<u>13,485,487</u>

The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 1 and under this review the credit quality of assets which are neither past due nor impaired was considered to be good. The above analysis of when loans are due is based upon original contractual terms which are not rescheduled rather than payment performance over the last 13 weeks. The carrying amount of amounts receivable from customers whose terms have been renegotiated that would otherwise be past due or impaired is therefore £nil (2015- £nil)(2014 - £nil).

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****13. TRADE AND OTHER RECEIVABLES - continued**

An analysis of movements on loan loss provisions is provided below:

Group	£
At 23 February 2013	9,192,793
Charge for period	4,367,786
Amounts written off during period	(5,096,824)
Unwind of discount	(1,151,082)
At 22 February 2014	7,312,673
Charge for period	22,694,822
Amounts written off during period	(24,664,134)
Unwind of discount	(9,020,127)
Provision for customers acquired during the period	44,459,082
At 28 February 2015	40,782,316
Charge for period	22,587,527
Amounts written off during period	(21,740,734)
Unwind of discount	(9,202,567)
Provision for customers acquired during the period	3,659,550
At 27 February 2016	36,086,092
Company	£
At 23 February 2013	9,192,793
Charge for period	4,367,786
Amounts written off during period	(5,096,824)
Unwind of discount	(1,151,082)
At 22 February 2014	7,312,673
Charge for period	4,611,529
Amounts written off during period	(4,908,336)
Unwind of discount	(1,051,480)
Provision for customers acquired during the period	34,817,930
At 28 February 2015	40,782,316
Charge for period	22,587,527
Amounts written off during period	(21,740,734)
Unwind of discount	(9,202,567)
Provision for customers acquired during the period	3,659,550
At 27 February 2016	36,086,092

There has been no material change in the average effective interest rate used for consumer credit during the period to 22 February 2014, 28 February 2015 and 27 February 2016.

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****14. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Group	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Trade creditors	1,921,697	465,879	47,420	80,799
Tax	2,078,364	447,800	333,534	542,297
Social security and other taxes	409,957	400,925	87,569	94,494
Other creditors	586,272	145,196	42,695	11,810
Accrued expenses	2,455,759	1,813,956	400,334	341,851
Bank loans repayable < 1 year	-	-	-	1,000,000
	<u>7,452,049</u>	<u>3,273,756</u>	<u>911,552</u>	<u>2,071,251</u>

Company	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Trade creditors	1,921,697	465,879	47,420	80,799
Amounts owed to group undertakings	1,321,416	69,920,416	-	-
Tax	2,078,364	447,800	333,534	542,297
Social security and other taxes	409,957	400,925	87,569	94,494
Other creditors	586,271	145,196	42,695	11,810
Accrued expenses	2,455,760	1,813,959	400,334	341,851
Bank loans repayable < 1 year	-	-	-	1,000,000
	<u>8,773,465</u>	<u>73,194,175</u>	<u>911,552</u>	<u>2,071,251</u>

15. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER ONE YEAR

Group and Company	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Bank loans	9,000,000	-	-	1,500,000
	<u>9,000,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****16. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid as follows:

Group and Company	Land and buildings			
	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Existing:				
Within one year	468,401	114,775	39,409	41,941
Between one and five years	117,285	21,997	76,421	75,123
	<u>585,686</u>	<u>136,772</u>	<u>115,830</u>	<u>117,064</u>
	Other operating leases			
	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Existing:				
Within one year	709,987	1,048,249	392,027	61,241
Between one and five years	176,649	481,166	379,298	308,796
	<u>886,636</u>	<u>1,529,415</u>	<u>771,325</u>	<u>370,037</u>

Land and building operating lease commitments relate to the future rental payments until first break of the head office property at Kingston House, Birstall and the network of regional offices.

Other operating lease commitments relate to the fleet of company cars.

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****17. DEFERRED TAX****Group**

	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Fixed asset temporary differences	1,681,239	2,386,574	(1,859)	(5,132)
Other temporary differences	197,645	227,214	254,310	181,065
Deferred tax liability	<u>1,878,884</u>	<u>2,613,788</u>	<u>252,451</u>	<u>175,933</u>

	Deferred tax £
Balance as at 23 February 2013	175,933
Charge for the period	<u>76,518</u>
Balance as at 22 February 2014	252,451
Charge for the period	(1,289,964)
Arising on acquisition	3,654,397
Adjustment in respect of prior periods	<u>(3,096)</u>
Balance as at 28 February 2015	2,613,788
Credit for the period	(1,056,828)
Arising on acquisition	174,494
Adjustment in respect of prior periods	<u>147,430</u>
Balance as at 27 February 2016	<u>1,878,884</u>

Company

	27.2.16	28.2.15	22.2.14	23.2.13
	£	£	£	£
Fixed asset temporary differences	642,532	409,133	(1,859)	(5,132)
Other temporary differences	197,645	227,214	254,310	181,065
Deferred tax liability	<u>840,177</u>	<u>636,347</u>	<u>252,451</u>	<u>175,933</u>

	Deferred tax £
Balance as at 23 February 2013	175,933
Charge for the period	<u>76,518</u>
Balance as at 22 February 2014	252,451
Credit for the period	(856,397)
Arising on group reconstruction	1,243,389
Adjustment in respect of prior periods	<u>(3,096)</u>
Balance as at 28 February 2015	636,347
Credit for the period	(118,094)
Arising on acquisition	174,494
Adjustment in respect of prior periods	<u>147,430</u>
Balance as at 27 February 2016	<u>840,177</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			27.2.16	28.2.15	22.2.14	23.2.13
Number:	Class:	Nominal Value				
129,500,000	ordinary	£0.01	1,295,000	-	-	-
5,000,000	ordinary	£1.00	-	5,000,000	5,000,000	5,000,000
69,000,000	ordinary	£1.00	-	69,000,000	-	-
			<u>1,295,000</u>	<u>74,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

On 26 February 2016 the Company undertook a capital reduction exercise by cancelling 72,705,000 £1.00 ordinary shares and reducing the share premium account to £nil. The capital reduction was supported by a solvency statement and resulted in the creation of £78,317,227 of distributable reserves. The remaining 1,295,000 £1.00 ordinary shares were subsequently sub divided into 129,500,000 ordinary shares of £0.01.

During the prior period, the Company issued 69,000,000 £1 shares in connection with the Group reconstruction of Shopacheck Financial Services Limited. See note 22 for more information on the acquisition.

19. RESERVES

Group	Notes	Retained Earnings £	Share premium £	Total £
As at 23 February 2013		7,812,381	5,612,227	13,424,608
Profit for the period		<u>2,728,734</u>	<u>-</u>	<u>2,728,734</u>
At 22 February 2014		10,541,115	5,612,227	16,153,342
Profit for the period		58,944,000	-	58,944,000
Deemed distribution	22	(51,015,545)	-	(51,015,545)
Dividends paid		<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
At 28 February 2015		16,469,570	5,612,227	22,081,797
Profit for the period		7,916,433	-	7,916,433
Capital reduction	18	78,317,227	(5,612,227)	72,705,000
Dividends paid		<u>(48,628,660)</u>	<u>-</u>	<u>(48,628,660)</u>
At 27 February 2016		<u>54,074,570</u>	<u>-</u>	<u>54,074,570</u>

MORSES CLUB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****19. RESERVES – continued**

Company	Notes	Retained Earnings £	Share premium £	Group Reconstruction Reserve £	Total £
As at 23 February 2013		7,812,381	5,612,227	-	13,424,608
Profit for the period		2,728,734	-	-	2,728,734
At 22 February 2014		10,541,115	5,612,227	-	16,153,342
Profit for the period		4,196,400	-	-	4,196,400
Hive up	22	-	-	(5,098,114)	(5,098,114)
Acquisition of Shopacheck	22	-	-	(4,177,697)	(4,177,697)
Dividends paid		(2,000,000)	-	-	(2,000,000)
At 28 February 2015		12,737,515	5,612,227	(9,275,811)	9,073,931
Profit for the period		16,621,360	-	-	16,621,360
Capital reduction	18	78,317,227	(5,612,227)	-	72,705,000
Dividends paid		(48,628,660)	-	-	(48,628,660)
At 27 February 2016		59,047,442	-	(9,275,811)	49,771,631

20. RETIREMENT BENEFIT SCHEMES**Defined contribution schemes**

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total costs charged of £377,019 (2015 - £358,187) (2014 - £52,596) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans.

21. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Perpignon limited. At 27 February 2016, the smallest and largest Group of undertakings into which these financial statements are consolidated is Perpignon Limited, registered in England and Wales. Copies of these financial statements are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The ultimate controlling party of the Company is RCapital Partners LLP.

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****22. ACQUISITIONS**

On 26 March 2015 the Company acquired the loan book and certain assets of KDS Finance via a cash purchase. The costs incurred in relation to this acquisition of £170,859 were expensed to the Income Statement.

	Book value	Fair value	Fair value
	£	adjustments	£
		£	£
Non-current assets			
Intangible assets	-	851,679	851,679
Tangible fixed assets	546,350	-	546,350
Current assets			
Debtors	1,983,972	-	1,983,972
Total assets	<u>2,530,322</u>	<u>851,679</u>	<u>3,382,001</u>
Liabilities			
Accruals and other liabilities	(228,677)	-	(228,677)
Total liabilities	<u>(228,677)</u>	<u>-</u>	<u>(228,677)</u>
Net assets	<u>2,301,645</u>	<u>851,679</u>	<u>3,153,324</u>
Goodwill arising on acquisition			
Consideration			4,112,124
Net assets acquired			<u>(3,153,324)</u>
Goodwill			<u>958,800</u>

The Company has undertaken an analysis of the fair value of the receivables acquired compared with the gross contractual amounts of the receivables book and the contractual cash flows not expected to be collected.

As the financials for KDS for the period prior to acquisition are not available it is not possible to disclose the impact on profit before tax and amortisation of acquisition intangibles had the acquisition been completed on the first day of the financial period.

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****22. ACQUISITIONS- continued**

On 17 June 2015 the Company acquired the loan book and certain assets of Sunnside Finance via a cash purchase. The costs incurred in relation to this acquisition of £11,518 were expensed to the Income Statement.

	Book value	Fair value	Fair value
	£	adjustments	£
		£	£
Non-current assets			
Intangible assets	-	81,642	81,642
Tangible fixed assets	-	-	-
Current assets			
Debtors	347,994	-	347,994
Cash	-	-	-
Total assets	<u>347,994</u>	<u>81,642</u>	<u>429,636</u>
Current liabilities			
Deferred tax	-	(14,696)	(14,696)
Total liabilities	<u>-</u>	<u>(14,696)</u>	<u>(14,696)</u>
Net assets	<u>347,994</u>	<u>66,946</u>	<u>414,940</u>
 Gain arising on acquisition			
Consideration			382,749
Net assets acquired			<u>(414,940)</u>
Gain on acquisition			<u>(32,191)</u>

The Company has undertaken an analysis of the fair value of the receivables acquired compared with the gross contractual amounts of the receivables book and the contractual cash flows not expected to be collected.

As the financials for Sunnside for the period prior to acquisition are not available it is not possible to disclose the impact on profit before tax and amortisation of acquisition intangibles had the acquisition been completed on the first day of the financial period.

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****22. ACQUISITIONS - continued**

On 25 September 2015 the Company acquired the loan book and certain assets of Lagans Finance via a cash purchase. The costs incurred in relation to this acquisition of £17,365 were expensed to the Income Statement.

	Book value	Fair value	Fair value
	£	adjustments	£
		£	
Non-current assets			
Intangible assets	-	887,778	887,778
Tangible fixed assets	159,193	-	159,193
Current assets			
Debtors	1,886,195	-	1,886,195
Cash	-	-	-
Total assets	<u>2,045,388</u>	<u>887,778</u>	<u>2,933,166</u>
Current liabilities			
Deferred tax	-	(159,800)	(159,800)
Total liabilities	<u>-</u>	<u>(159,800)</u>	<u>(159,800)</u>
Net assets	<u>2,045,388</u>	<u>727,978</u>	<u>2,773,366</u>
 Goodwill arising on acquisition			
Consideration			2,888,607
Net assets acquired			<u>(2,773,366)</u>
Goodwill			<u>115,241</u>

The Company has undertaken an analysis of the fair value of the receivables acquired compared with the gross contractual amounts of the receivables book and the contractual cash flows not expected to be collected.

As the financials for Lagans for the period prior to acquisition are not available it is not possible to disclose the impact on profit before tax and amortisation of acquisition intangibles had the acquisition been completed on the first day of the financial period.

MORSES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016

22. ACQUISITIONS - continued

Group - 2015

On 10 March 2014 Perpignon Limited, the parent company of Morses Club Limited, acquired 100 per cent of the issued share capital of Shopacheck Financial Services Limited for consideration of £17,984,455.

On 28 February 2015 Morses Club Limited acquired 100% per cent of the issued share capital of Shopacheck Financial Services Limited from Perpignon Limited for consideration of £69,000,000. Morses Club Limited issued 69,000,000 £1 ordinary shares to Perpignon Limited to fund the transaction. This group reconstruction has been accounted for under merger accounting and therefore the consolidated financial statements are prepared as if the new legal structure had been in place at the time of the earlier acquisition. Goodwill and fair value adjustments have been calculated on this basis and the results of SFS are included from 10 March 2014, the date of the original acquisition.

The difference between the consideration paid by Perpignon Limited of £17,984,455 and the consideration paid to Perpignon Limited by Morses Club Limited of £69,000,000 is treated as a deemed distribution under the merger accounting principles. The deemed distribution of £51,015,545 is disclosed in Note 19.

The costs incurred by the Company in relation to this acquisition were £37,680, Perpignon Limited also incurred costs of £3,755,639.

Prior to acquisition, SFS operated under different accounting policies. A detailed conversion of SFS's financial statements to Group accounting policies reduced SFS's net assets on acquisition by approximately £2.7m, principally in respect of higher impairment provisions.

The following table sets out the book values of the assets and liabilities of SFS at the date of acquisition by Perpignon Limited:

	Book value	Fair value	Fair value
	£	adjustments	£
		£	£
Non-current assets			
Intangible assets	257,248	18,271,975	18,529,223
Tangible fixed assets	1,066,021	(196,729)	869,292
Current assets			
Debtors	51,855,205	-	51,855,205
Cash	5,119,501	-	5,119,501
Total assets	58,297,975	18,075,246	76,373,221
Current Liabilities			
Trade creditors	(694,176)	-	(694,176)
Accruals & other liabilities	(2,056,706)	(22,935)	(2,079,641)
Deferred tax	-	(3,654,397)	(3,654,397)
Total liabilities	(2,750,882)	(3,677,332)	(6,428,214)
Net assets	55,547,093	14,397,914	69,945,007
Gain arising on acquisition			
Consideration paid by Perpignon Limited			17,984,455
Net assets acquired			(69,945,007)
Gain on acquisition			<u>(51,960,552)</u>

The gain on acquisition arose as a result of the forced sales of SFS by the previous owners.

MORSES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016

22. ACQUISITIONS – continued

The Company has undertaken an analysis of the fair value of the receivables acquired compared with the gross contractual amounts of the receivables book and the contractual cash flows not expected to be collected.

On 10 March 2014, prior to the acquisition of SFS by the Group, Welcome Financial Services Limited's Home Collected Credit book was hived across into SFS. Prior to this hive up SFS was dormant therefore in the period prior to acquisition by the Group, SFS generated revenue of £nil and a profit before tax and exceptional costs of £nil.

Had the acquisition completed on the first day of the financial period there would have been no change to the group's revenue or profit before tax, amortisation of acquisition intangibles and exceptional costs.

MORSES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

22. ACQUISITIONS - continued

Company 2015

On 28 February 2015 Morses Club Limited acquired 100% per cent of the issued share capital of Shopacheck Financial Services Limited from Perpignon Limited for consideration of £69,000,000. Morses Club Limited issued 69,000,000 £1 ordinary shares to Perpignon Limited to fund the transaction.

Subsequent to the acquisition of Shopacheck Financial Services Limited by Morses Club Limited, the trade and assets of Shopacheck Financial Services Limited were hived up into Morses Club Limited at the values detailed in the table below. The difference of £5,098,114 between the consideration paid and the book value at hive up has been taken to the group reconstruction reserve (see note 19).

	Book value
	£
Non-current assets	
Tangible fixed assets	905,966
Current assets	
Debtors	42,539,787
Intercompany	24,502,125
Cash	445,076
Total assets	<u>68,392,954</u>
Creditors	
Trade creditors	(426,175)
Accruals & other liabilities	<u>(1,901,085)</u>
Total liabilities	<u>(2,327,260)</u>
Deferred tax	(1,243,391)
Net assets	<u>64,822,303</u>
Satisfied by	
Share issue	69,000,000
Net assets	<u>(64,822,303)</u>
Group reconstruction reserve (note 19)	<u>4,177,697</u>

MORSES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

23. FINANCIAL INSTRUMENTS

The Group and the Company's principal financial instruments are amounts receivable from customers, cash, bank overdrafts and bank loan.

The Group and the Company's business objectives rely on maintaining a well spread customer base of carefully controlled quality by applying strong emphasis on good credit management, both through strict lending criteria at the time of underwriting a new credit facility and continuous monitoring of the collection process.

As at 27 February 2016 the Company and Group's indebtedness amounted to £9,000,000 (2015- £nil) (2014 - £nil).

Currency risk

The Group has no exposure to foreign currency risk.

Credit risk

Credit risk is the risk that the group will suffer loss in the event of a default by a customer or a bank counterparty. A default occurs when the customer or bank fails to honour repayments as they fall due.

(i) Amounts receivable from customers

The group's maximum exposure to credit risk on amounts receivable from customers as at 27 February 2016 is the carrying value of amounts receivable from customers of £56,831,014 (2015: £55,483,587) (2014: £13,911,437).

Credit risk is managed using a combination of lending policy criteria, credit scoring (including behavioral scoring), policy rules, individual lending approval limits, central underwriting, and a home visit to make a decision on applications for credit.

The loans offered to customers are short-term, typically a contractual period of between 20 and 52 weeks, with an average value of approximately £500. The loans are underwritten in the customers' home by an agent with emphasis placed on any previous lending experience with the customer and the agent's assessment of the credit risk based on a completed application form and the home visit. Once a loan has been made, the agent visits the customer weekly to collect payment. The agent is well placed to identify signs of strain on a customer's income and can moderate lending accordingly. Equally, the regular contact and professional relationship that the agent has with the customer allows them to manage customers' repayments effectively even when the household budget is tight. This can be in the form of taking part-payments, allowing missed payments or occasionally restructuring the debt in order to maximise cash collections.

Agents are primarily paid commission for what they collect and not for what they lend, so their main focus is on ensuring loans are affordable at the point of issue and then on collecting cash. Affordability is reassessed by the agent each time an existing customer is re-served. This normally takes place within 12 months of the previous loan because of the short-term nature of the product.

Arrears management is a combination of central letters, central telephony, and field activity undertaken by field management. This will often involve a home visit to discuss the customer's reasons for non-payment and to agree a suitable resolution.

(ii) Bank counterparties

The group's maximum exposure to credit risk on bank counterparties as at 27 February 2016 was £3,755,291 (2015: £8,649,847) (2014: £1,253,366) (2013: 1,237,304).

Counterparty credit risk arises as a result of cash deposits placed with banks.

Counterparty credit risk is managed by the board which ensures that the group's cash deposits are only made with high-quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating.

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****23. FINANCIAL INSTRUMENTS - continued****Liquidity risk**

Liquidity risk is the risk that the group will have insufficient liquid resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

Liquidity risk is managed by daily monitoring of expected cash flows and ensuring that the group maintains headroom on its committed borrowing facilities to fund growth and contractual maturities for at least the following 12 months.

Funding is available through a £25,000,000 revolving asset based credit facility.

The Group's liquidity risk is shown in the following tables which measure the cumulative liquidity gap. Most of the Group's financial assets are repayable within one year which results in a positive liquidity position.

Group	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	No fixed maturity date	Total
	£	£	£	£	£	£
At 27 February 2016						
Financial Assets	56,152,470	678,544	-	-	-	56,831,014
Other Assets	1,478,945	-	-	-	11,635,253	13,114,198
Cash at bank and in hand	3,755,291	-	-	-	-	3,755,291
Total assets	61,386,706	678,544	-	-	11,635,253	73,700,503
Shareholders' funds	-	-	-	-	(55,369,570)	(55,369,570)
Other liabilities	(7,452,049)	-	-	-	(10,878,884)	(18,330,933)
Total liabilities and shareholders' funds	(7,452,049)	-	-	-	(66,248,454)	(73,700,503)
Cumulative Position	53,934,657	54,613,201	54,613,201	54,613,201	-	-

Group	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	No fixed maturity date	Total
	£	£	£	£	£	£
At 28 February 2015						
Financial Assets	53,976,384	1,507,203	-	-	-	55,483,587
Other Assets	1,001,222	-	-	-	36,834,685	37,835,907
Cash at bank and in hand	8,649,847	-	-	-	-	8,649,847
Total assets	63,627,453	1,507,203	-	-	36,834,685	101,969,341
Shareholders' funds	-	-	-	-	(96,081,797)	(96,081,797)
Other liabilities	(3,273,756)	-	-	-	(2,613,788)	(5,887,544)
Total liabilities and shareholders' funds	(3,273,756)	-	-	-	(98,695,585)	(101,969,341)
Cumulative Position	60,353,697	61,860,900	61,860,900	61,860,900	-	-

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****23. FINANCIAL INSTRUMENTS – continued**

Company	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	No fixed maturity date	Total
At 27 February 2016	£	£	£	£	£	£
Financial Assets	56,152,470	678,544	-	-	-	56,831,014
Other Assets	1,478,945	-	-	-	7,615,023	9,093,968
Cash at bank and in hand	3,755,291	-	-	-	-	3,755,291
Total assets	61,386,706	678,544	-	-	7,615,024	69,680,274
Shareholders' funds	-	-	-	-	(51,066,631)	(51,066,631)
Other liabilities	(7,452,049)	-	-	-	(11,161,593)	(18,613,642)
Total liabilities and shareholders' funds	(7,452,049)	-	-	-	(62,228,224)	(69,680,273)
Cumulative Position	53,934,657	54,613,201	54,613,201	54,613,201	-	-

Company	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	No fixed maturity date	Total
At 28 February 2015	£	£	£	£	£	£
Financial Assets	53,976,384	1,507,203	-	-	-	55,483,587
Other Assets	1,001,222	-	-	-	91,769,797	92,771,019
Cash at bank and in hand	8,649,847	-	-	-	-	8,649,847
Total assets	63,627,453	1,507,203	-	-	91,769,797	156,904,453
Shareholders' funds	-	-	-	-	(83,073,932)	(83,073,932)
Other liabilities	(3,910,105)	-	-	-	(69,920,416)	(73,830,521)
Total liabilities and shareholders' funds	(3,910,105)	-	-	-	(152,994,348)	(156,904,453)
Cumulative Position	59,717,348	61,224,551	61,224,551	61,224,551	-	-

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****23. FINANCIAL INSTRUMENTS – continued**

Group and Company	Less than	More than	More than	More than	No fixed	Total
	1 year	more than	2 years but	5 years	maturity	
At 22 February 2014	£	2 years	not	£	date	£
		£	more than	£		
			5 years			
			£			
Financial Assets	13,911,437	-	-	-	-	13,911,437
Other Assets	417,061	-	-	-	6,735,481	7,152,542
Cash at bank and in hand	1,253,366	-	-	-	-	1,253,366
Total assets	15,581,864	-	-	-	6,735,481	22,317,345
Shareholders' funds	-	-	-	-	(21,153,342)	(21,153,342)
Other liabilities	(911,552)	-	-	-	(252,451)	(1,164,003)
Total liabilities and shareholders' funds	(911,552)	-	-	-	(21,405,793)	(22,317,345)
Cumulative Position	14,670,312	14,670,312	14,670,312	14,670,312	-	-

Group and Company	Less than	More than	More than	More than	No fixed	Total
	1 year	more than	2 years but	5 years	maturity	
At 23 February 2013	£	2 years	not	£	date	£
		£	more than	£		
			5 years			
			£			
Financial Assets	13,485,487	-	-	-	-	13,485,487
Other Assets	1,069,147	-	-	-	6,379,854	7,449,001
Cash at bank and in hand	1,237,304	-	-	-	-	1,237,304
Total assets	15,791,938	-	-	-	6,379,854	22,171,792
Shareholders' funds	-	-	-	-	(18,424,608)	(18,424,608)
Other liabilities	(2,071,251)	(1,500,000)	-	-	(175,933)	(3,747,184)
Total liabilities and shareholders' funds	(2,071,251)	(1,500,000)	-	-	(18,600,541)	(22,171,792)
Cumulative Position	13,720,687	12,220,687	12,220,687	12,220,687	-	-

MORSES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

23. FINANCIAL INSTRUMENTS – continued

Interest rate risk

The Group's activities do not expose it to significant financial risks of changes in interest rates. There is considered to be no material interest rate risk in cash, trade and other receivables, trade and other payables.

Capital risk management

The Board of Directors assess the capital needs of the Group on an on-going basis and approve all capital transactions.

Fair values of financial assets and liabilities

The fair values of amounts receivable from customers, bank loans and overdrafts and other assets and liabilities are considered to be not materially different from their book values. Fair values which are recognised or disclosed in these financial statements are determined in whole or in part using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and based on available observable market data. The fair value hierarchy is derived from Level 3 inputs in accordance with IFRS 13 as the instruments are not traded in an active market and the fair value is therefore determined through discounting future cash flows.

The following table sets out the carrying value of the group's financial assets and liabilities in accordance with the categories of financial instruments set out in IAS 39. Assets and liabilities outside the scope of IAS 39 are shown within non-financial assets/liabilities:

Group – 27 February 2016

	Loans and receivables	Financial liabilities measured at amortised cost	Non-financial assets/ liabilities	Total
	£	£	£	£
Assets:				
Cash and cash equivalents	3,755,291	-	-	3,755,291
Amounts receivable from customers	56,831,014	-	-	56,831,014
Trade and other receivables	313,125	-	1,240,688	1,553,813
Property, plant and equipment	-	-	1,182,390	1,182,390
Goodwill	-	-	1,325,959	1,325,959
Other intangible assets	-	-	9,052,036	9,052,036
Total assets	60,899,430	-	12,801,073	73,700,503
Liabilities:				
Bank and other borrowings	-	(9,000,000)	-	(9,000,000)
Trade and other payables	-	(5,373,684)	-	(5,373,684)
Current tax liabilities	-	-	(2,078,364)	(2,078,364)
Deferred tax liabilities	-	-	(1,878,884)	(1,878,884)
Total liabilities	-	(14,373,684)	(3,957,248)	(18,330,933)

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****23. FINANCIAL INSTRUMENTS - continued****Company – 27 February 2016**

	Loans and receivables	Financial liabilities measured at amortised cost	Non-financial assets/ liabilities	Total
	£	£	£	£
Assets:				
Cash and cash equivalents	3,755,291	-	-	3,755,291
Amounts receivable from customers	56,831,014	-	-	56,831,014
Trade and other receivables	313,125	-	1,240,689	1,553,814
Property, plant and equipment	-	-	1,182,390	1,182,390
Goodwill	-	-	1,325,959	1,325,959
Investment in subsidiary	-	-	1,321,416	1,321,416
Other intangible assets	-	-	3,710,390	3,710,390
Total assets	60,899,430	-	8,780,844	69,480,274
Liabilities:				
Bank and other borrowings	-	(9,000,000)	-	(9,000,000)
Trade and other payables	-	(6,695,100)	-	(6,695,100)
Current tax liabilities	-	-	(2,850,616)	(2,850,616)
Deferred tax liabilities	-	-	(1,451)	(1,451)
Total liabilities	-	(15,695,100)	(2,852,067)	(18,547,167)

Group – 28 February 2015

	Loans and receivables	Financial liabilities measured at amortised cost	Non-financial assets/ liabilities	Total
	£	£	£	£
Assets:				
Cash and cash equivalents	8,649,847	-	-	8,649,847
Amounts receivable from customers	55,483,587	-	-	55,483,587
Trade and other receivables	25,369,828	-	845,304	26,215,132
Property, plant and equipment	-	-	936,011	936,011
Goodwill	-	-	293,807	293,807
Other intangible assets	-	-	10,390,957	10,390,957
Total assets	89,503,262	-	12,466,079	101,969,341
Liabilities:				
Bank and other borrowings	-	-	-	-
Trade and other payables	-	(2,825,956)	-	(2,825,956)
Current tax liabilities	-	-	(447,800)	(447,800)
Deferred tax liabilities	-	-	(2,613,788)	(2,613,788)
Total liabilities	-	(2,825,956)	(3,061,588)	(5,887,544)

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****23. FINANCIAL INSTRUMENTS - continued****Company – 28 February 2015**

	Loans and receivables	Financial liabilities measured at amortised cost	Non-financial assets/ liabilities	Total
	£	£	£	£
Assets:				
Cash and cash equivalents	8,649,847	-	-	8,649,847
Amounts receivable from customers	55,483,587	-	-	55,483,587
Trade and other receivables	25,369,828	-	845,304	26,215,132
Property, plant and equipment	-	-	936,011	936,011
Goodwill	-	-	293,807	293,807
Investment in subsidiary	-	-	64,822,303	64,822,303
Other intangible assets	-	-	503,766	503,766
Total assets	89,503,262	-	67,401,191	156,904,453
Liabilities:				
Bank and other borrowings	-	-	-	-
Trade and other payables	-	(72,746,375)	-	(72,746,375)
Current tax liabilities	-	-	(447,800)	(447,800)
Deferred tax liabilities	-	-	(636,347)	(636,347)
Total liabilities	-	(72,746,375)	(1,084,147)	(73,830,522)

**Group and Company – 22 February
2014**

	Loans and receivables	Financial liabilities measured at amortised cost	Non-financial assets/ liabilities	Total
	£	£	£	£
Assets:				
Cash and cash equivalents	1,253,366	-	-	1,253,366
Amounts receivable from customers	13,911,437	-	-	13,911,437
Trade and other receivables	6,124,199	-	298,491	6,422,690
Property, plant and equipment	-	-	360,511	360,511
Goodwill	-	-	349,355	349,355
Other intangible assets	-	-	19,986	19,986
Total assets	21,289,002	-	1,028,343	22,317,345
Liabilities:				
Bank and other borrowings	-	-	-	-
Trade and other payables	-	(578,018)	-	(578,018)
Current tax liabilities	-	-	(333,534)	(333,534)
Deferred tax liabilities	-	-	(252,451)	(252,451)
Total liabilities	-	(578,018)	(585,985)	(1,164,003)

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****23. FINANCIAL INSTRUMENTS - continued****Group and Company – 23 February
2013**

	Loans and receivables	Financial liabilities measured at amortised cost	Non- financial assets/ liabilities	Total
	£	£	£	£
Assets:				
Cash and cash equivalents	1,237,304	-	-	1,237,304
Amounts receivable from customers	13,485,487	-	-	13,485,487
Trade and other receivables	6,104,562	-	438,248	6,542,807
Property, plant and equipment	-	-	284,506	284,506
Goodwill	-	-	584,664	584,664
Other intangible assets	-	-	37,024	37,024
Total assets	20,827,350	-	1,344,442	22,171,792
Liabilities:				
Bank and other borrowings	-	(1,500,000)	-	(1,500,000)
Trade and other payables	-	(1,528,954)	-	(1,528,954)
Current tax liabilities	-	-	(542,297)	(542,297)
Deferred tax liabilities	-	-	(175,933)	(175,933)
Total liabilities	-	(3,028,954)	(718,230)	(3,747,184)

MORSES CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

23. FINANCIAL INSTRUMENTS – continued

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group	Repayable on demand	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Total
	£	£	£	£	£	£
At 27 February 2016						
Trade and other payables	-	2,507,970	-	-	-	2,507,970
Tax liabilities	-	2,488,321	-	-	-	2,488,321
Accruals and deferred income	-	2,455,758	-	-	-	2,455,758
Bank loans	-	-	9,000,000	-	-	9,000,000
At 27 February 2016	-	7,452,049	9,000,000	-	-	16,452,049

Company	Repayable on demand	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Total
	£	£	£	£	£	£
At 27 February 2016						
Trade and other payables	-	3,829,385	-	-	-	3,829,385
Tax liabilities	-	2,488,321	-	-	-	2,488,321
Accruals and deferred income	-	2,455,759	-	-	-	2,455,759
Bank loans	-	-	9,000,000	-	-	9,000,000
At 27 February 2016	-	8,773,465	9,000,000	-	-	17,773,465

Group	Repayable on demand	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Total
	£	£	£	£	£	£
At 28 February 2015						
Trade and other payables	-	611,075	-	-	-	611,075
Tax liabilities	-	848,725	-	-	-	848,725
Accruals and deferred income	-	1,813,959	-	-	-	1,813,959
At 28 February 2015	-	3,273,759	-	-	-	3,273,759

Company	Repayable on demand	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Total
	£	£	£	£	£	£
At 28 February 2015						
Trade and other payables	-	70,531,491	-	-	-	70,531,491
Tax liabilities	-	848,725	-	-	-	848,725
Accruals and deferred income	-	1,813,959	-	-	-	1,813,959
At 28 February 2015	-	73,194,175	-	-	-	73,194,175

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****23. FINANCIAL INSTRUMENTS – continued**

Group and Company	Repayable on demand	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Total
At 22 February 2014	£	£	£	£	£	£
Trade and other payables	-	90,115	-	-	-	90,115
Tax liabilities	-	421,103	-	-	-	421,103
Accruals and deferred income	-	400,334	-	-	-	400,334
At 22 February 2014	-	911,552	-	-	-	911,552

Group and Company	Repayable on demand	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Total
At 23 February 2013	£	£	£	£	£	£
Trade and other payables	-	92,609	-	-	-	92,609
Tax liabilities	-	636,791	-	-	-	636,791
Bank loans	-	1,000,000	1,500,000	-	-	2,500,000
Accruals and deferred income	-	341,851	-	-	-	341,851
At 23 February 2013	-	2,071,251	1,500,000	-	-	3,571,251

24. EXPLANATION OF TRANSITION TO IFRS

As stated in note 1, these are the Company's first set of financial statements prepared in accordance with IFRS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the 52 week period ended 27 February 2016, the comparative information presented in these financial statements for the periods ended 28 February 2015 and 22 February 2014 and in preparation of an opening IFRS balance sheet at 23 February 2013 (the opening position on 24 February 2013, the date of the Company's transition to IFRS).

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with UK generally accepted accounting principles (UK GAAP). An explanation of how the transition from previous UK GAAP to IFRS has affected the Company's reported financial position, financial performance and cash flows is set out in the following notes and tables. No group financial statements were prepared under UK GAAP for the period ended 28 February 2015 or previous periods and therefore the transition note reflects the Company only position.

Key impacts of IFRS

The significant differences between UK GAAP and IFRS which impact on the Company's reported financial position, financial performance and cash flows are set out below.

IAS 38 – Intangible assets

Under IAS 38 software, servers and licences are classified as intangible assets. Under UK GAAP these assets were classified as tangible fixed assets. Applying IAS 38 in respect of software, servers and licences in the Company's financial statements results in a transfer from tangible to intangible assets of £37,024 as at 23 February 2013, £19,986 as at 22 February 2014 and £503,766 as at 28 February 2015.

IAS 39 – Revenue

Under IAS 39, revenue is recognised using an effective interest rate (EIR) method. The EIR is the rate that exactly discounts future cash flows of the loan back to the present value of the advance. Under IAS 39 interest continues to accrue at the EIR on all impaired capital balances throughout the life of the agreement, irrespective of the contractual term or whether the customer is charged arrears interest. This "gross up" of interest, is made for receivables that run past contractual term based on cash received and is offset by a corresponding gross up of the impairment charge to reflect the fact that this additional revenue is not collectable.

Applying IAS 39 in respect of revenue recognition in the Company's financial statements results in a net increase of £6,138,113 in the Company's net assets as at 23 February 2013, a net increase of £5,487,023 as at 22 February 2014 and an increase of £26,928,283 as at 28 February 2015.

IAS 39 – Impairment

Under IAS 39, customer accounts receivables are impaired on the basis of objective evidence on the payment performance of loans in the previous 13 weeks as this is considered to be an appropriate indicator of credit quality within the Home Credit industry. Loans are deemed to be impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 13-week period. Loans which have missed up to two weekly payments over the previous 13-week period are not deemed to be impaired. The amount of impairment loss is calculated on a portfolio basis by reference to arrears stages and is measured as the difference between the carrying value of the loans and the present value of estimated future cash flows discounted at the original effective interest rate. Subsequent cash flows are regularly compared to estimated cash flows to ensure that the estimates are sufficiently accurate for impairment provisioning purposes. For all accounts which are not impaired, a further incurred but not reported provision (IBNR) is calculated and charged to the income statement based on management's estimates of the propensity of these accounts to default from conditions which existed at the balance sheet date.

Applying IAS 39 in respect of the impairment of Customer accounts receivable in the Company's financial statements results in a net decrease of £5,236,618 in the Company's net assets as at 23 February 2013, a net decrease of £4,220,849 as at 22 February 2014 and a decrease of £22,414,615 as at 28 February 2015.

IAS 7 – Statement of Cash Flow

The Company has prepared its statement of cash flows in accordance with IAS 7. Under IAS 7, the statement of cash flows shows the movement in cash and cash equivalents, being defined as cash on hand and at bank. Under UK GAAP, the Company was exempt from the requirement to prepare a statement of cash flows.

MORSES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016

24. EXPLANATION OF TRANSITION TO IFRS – continued

IFRS 3 – Business combinations

Under IFRS 1, IFRS 3 can be applied retrospectively or prospectively. If IFRS 3 is applied retrospectively, all business combinations executed before the date of transition are adjusted based on IFRS 3. The group has opted not to retrospectively apply IFRS 3 to all business combinations performed before the date of transition. As a result, the amount of goodwill arising from business combinations before the date of transition to IFRS has been left unadjusted at the carrying amount determined based on UK GAAP. Such goodwill was tested for impairment as at the date of transition regardless of whether indications of impairment existed or not.

IAS 12 – Income taxes

IAS 12 requires that deferred taxation also be provided on all temporary differences, not just timing differences as required under UK GAAP. Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless the initial recognition exemption applies. Deferred tax is not recognised for temporary differences arising on initial recognition of an asset or liability in a transaction other than a business combination if at the time of transaction neither accounting nor taxable profit is affected. Deferred taxation has been provided on the post-acquisition difference between the book and tax bases of intangible assets and goodwill if its amortisation is tax deductible.

Deferred taxation has been recognised on the IFRS adjustments at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****24. EXPLANATION OF TRANSITION TO IFRS- continued**

Reconciliation of the opening balance sheet at 24 February 2013

	UK GAAP 24.02.2013 £	Intangible assets (IAS 38) £	Revenue (IAS 39) £	Impairment (IAS 39) £	IFRS 24.02.2013 £
ASSETS					
Non-current assets					
Goodwill	584,664	-	-	-	584,664
Property, Plant & Equipment	321,530	(37,024)	-	-	284,506
Intangible Assets	-	37,024	-	-	37,024
Deferred Tax Asset	5,132	-	(5,132)	-	-
	911,326	-	(5,132)	-	906,194
Current Assets					
Net Loan Book	12,583,992	-	6,138,113	(5,236,618)	13,485,487
Intercompany	5,473,660	-	-	-	5,473,660
Other debtors	1,069,147	-	-	-	1,069,147
Cash & cash equivalents	1,237,304	-	-	-	1,237,304
	20,364,103	-	6,138,113	(5,236,618)	21,265,598
Total Assets	21,275,429	-	6,132,981	(5,236,618)	22,171,792
LIABILITIES					
Current liabilities					
Bank loans	(1,000,000)	-	-	-	(1,000,000)
Trade & other payables	(187,103)	-	-	-	(187,103)
Tax	(542,297)	-	-	-	(542,297)
Accrued expenses	(341,851)	-	-	-	(341,851)
	(2,071,251)	-	-	-	(2,071,251)
Non-current liabilities					
Deferred tax liability	-	-	(1,227,708)	1,051,775	(175,933)
Band loans	(1,500,000)	-	-	-	(1,500,000)
	(1,500,000)	-	(1,227,708)	1,051,775	(1,675,933)
Total liabilities	(3,571,251)	-	(1,227,708)	1,051,775	(3,747,184)
NET ASSETS	17,704,178	-	4,905,273	(4,184,843)	18,424,608
EQUITY					
Called up share capital	5,000,000	-	-	-	5,000,000
Share premium	5,612,227	-	-	-	5,612,227
Retained earnings	7,091,951	-	4,905,273	(4,184,843)	7,812,381
Total equity	17,704,178	-	4,905,273	(4,184,843)	18,424,608

MORSES CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

24. EXPLANATION OF TRANSITION TO IFRS- continued

Reconciliation of the balance sheet at 22 February 2014

	UK GAAP 22.02.2014 £	Intangible Assets (IAS 38) £	Goodwill Impairment (IFRS 3) £	Revenue (IAS 39) £	Impairment (IAS 39) £	IFRS 22.02.2014 £
ASSETS						
Non-current assets						
Goodwill	473,482	-	(124,127)	-	-	349,355
Property, Plant & Equipment	380,497	(19,986)	-	-	-	360,511
Intangible Assets	-	19,986	-	-	-	19,986
	853,979	-	(124,127)	-	-	729,852
Current Assets						
Amounts receivable from customers	12,645,263	-	-	5,487,023	(4,220,849)	13,911,437
Intercompany	6,005,629	-	-	-	-	6,005,629
Other debtors	417,061	-	-	-	-	417,061
Cash & cash equivalents	1,253,366	-	-	-	-	1,253,366
	20,321,319	-	-	5,487,023	(4,220,849)	21,587,493
Total Assets	21,175,298	-	(124,127)	5,487,023	(4,220,849)	22,317,345
LIABILITIES						
Current liabilities						
Trade & other payables	(177,684)	-	-	-	-	(177,684)
Tax	(333,534)	-	-	-	-	(333,534)
Accrued expenses	(400,334)	-	-	-	-	(400,334)
	(911,552)	-	-	-	-	(911,552)
Non-current liabilities						
Deferred tax liability	(23,071)	-	24,931	(1,102,069)	847,758	(252,451)
Total liabilities	(934,623)	-	24,931	(1,102,069)	847,758	(1,164,003)
NET ASSETS	20,240,675	-	(99,196)	4,384,954	(3,373,091)	21,153,342

MORSES CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

24. EXPLANATION OF TRANSITION TO IFRS- continued

	UK GAAP 22.02.2014 £	Intangible Assets (IAS 38) £	Goodwill Impairment (IFRS 3) £	Revenue (IAS 39) £	Impairment (IAS 39) £	IFRS 22.02.2014 £
EQUITY						
Called up share capital	5,000,000	-	-	-	-	5,000,000
Share premium	5,612,227	-	-	-	-	5,612,227
Retained earnings	7,091,952	-	-	2,259,239	(1,538,810)	7,812,381
Profit for the period	2,536,496	-	(99,196)	2,125,715	(1,834,281)	2,728,734
Total equity	20,240,675	-	(99,196)	4,384,954	(3,373,091)	21,153,342

Reconciliation of the income statement at 22 February 2014

	UK GAAP 22.02.2014 £	Intangible Assets (IAS 38) £	Goodwill Impairment (IFRS 3) £	Revenue (IAS 39) £	Impairment (IAS 39) £	IFRS 22.02.2014 £
Revenue	18,478,283	-	-	2,659,971	-	21,138,254
Cost of sales	(7,913,580)	-	-	-	(2,295,291)	(10,208,871)
Gross profit	10,564,703	-	-	2,659,971	(2,295,291)	10,929,383
Administration expenses	(7,218,648)	-	(124,127)	-	-	(7,342,775)
Operating profit	3,346,055	-	(124,127)	2,659,971	(2,295,291)	3,586,608
Interest payable	(47,799)	-	-	-	-	(47,799)
Profit before tax	3,298,256	-	(124,127)	2,659,971	(2,295,291)	3,538,809
Taxation	(761,760)	-	24,931	(534,256)	461,010	(810,075)
Profit for the period	2,536,496	-	(99,196)	2,125,715	(1,834,281)	2,728,734

MORSES CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

24. EXPLANATION OF TRANSITION TO IFRS- continued

Reconciliation of the balance sheet at 28 February 2015

	UK GAAP 28.02.2015 £	Intangible Assets (IAS 38) £	Goodwill Impairment (IFRS 3) £	Revenue (IAS 39) £	Impairment (IAS 39) £	Group Reconstruction £	IFRS 28.02.2015 £
ASSETS							
Non-current assets							
Goodwill	330,768	-	(36,961)	-	-	-	293,807
Property, Plant & Equipment	1,439,777	(503,766)	-	-	-	-	936,011
Intangible Assets	-	503,766	-	-	-	-	503,766
Investments	61,988,848	-	-	-	-	2,833,455	64,822,303
Deferred tax	295,571	-	7,424	(302,995)	-	-	-
Amounts receivable from customers	1,344,016	-	-	163,187	-	-	1,507,203
	65,398,980	-	(29,537)	(139,808)	-	2,833,455	68,063,090
Current Assets							
Amounts receivable from customers	49,462,726	-	-	4,503,338	(3,535,263)	3,545,583	53,976,384
Intercompany	25,213,910	-	-	-	-	-	25,213,910
Other debtors	1,001,222	-	-	-	-	-	1,001,222
Cash & cash equivalents	8,649,847	-	-	-	-	-	8,649,847
	84,327,705	-	-	4,503,338	(3,535,263)	3,545,583	88,841,363
Total Assets	149,726,685	-	(29,537)	4,363,530	(3,535,263)	6,379,038	156,904,453
LIABILITIES							
Current liabilities							
Trade & other payables	(1,012,000)	-	-	-	-	-	(1,012,000)
Amounts owed to group undertakings	(69,920,416)	-	-	-	-	-	(69,920,416)
Tax	(447,800)	-	-	-	-	-	(447,800)
Accrued expenses	(1,813,959)	-	-	-	-	-	(1,813,959)
	(73,194,175)	-	-	-	-	-	(73,194,175)
Non-current liabilities							
Deferred tax liabilities	-	-	-	(634,274)	710,055	(712,128)	(636,347)
Total liabilities	(73,194,175)	-	-	(634,274)	710,055	(712,128)	(73,830,522)
NET ASSETS	76,532,510	-	(29,537)	3,729,256	(2,825,208)	5,666,910	83,073,931

MORSES CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

24. EXPLANATION OF TRANSITION TO IFRS- continued

	UK GAAP 28.02.2015 £	Intangible Assets (IAS 38) £	Goodwill Impairment (IFRS 3) £	Revenue (IAS 39) £	Impairment (IAS 39) £	Group Reconstruction £	IFRS 28.02.2015 £
EQUITY							
Called up share capital	74,000,000	-	-	-	-	-	74,000,000
Share premium	5,612,227	-	-	-	-	-	5,612,227
Group reconstruction reserve	(14,942,721)	-	-	-	-	5,666,910	(9,275,811)
Retained earnings	7,628,448	-	(99,196)	1,974,584	(962,721)	-	8,541,115
Profit for the period	4,234,556	-	69,659	1,754,672	(1,862,487)	-	4,196,400
Total equity	76,532,510	-	(29,537)	3,729,256	(2,825,208)	5,666,910	83,073,931

MORSES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016**

24. EXPLANATION OF TRANSITION TO IFRS- continued

Reconciliation of the statement of comprehensive income for the period ended 28 February 2015 (date of last UK GAAP financial statements).

	UK GAAP	Goodwill	Revenue	Impairment	IFRS
	28.02.2015	Impairment	(IAS 39)	(IAS 39)	28.02.2015
	£	£	£	£	£
Revenue	20,280,852	-	2,195,663	-	22,476,515
Cost of sales	(7,964,021)	-	-	(2,330,575)	(10,294,596)
Gross profit	12,316,831	-	2,195,663	(2,330,575)	12,181,919
Administration expenses	(8,016,699)	87,166	-	-	(7,929,533)
Operating profit	4,300,132	87,166	2,195,663	(2,330,575)	4,252,386
Interest payable	(1,213)	-	-	-	(1,213)
Profit before tax	4,298,919	87,166	2,195,663	(2,330,575)	4,251,173
Taxation	(64,363)	(17,507)	(440,991)	468,088	(54,773)
Profit for the period	4,234,556	69,659	1,754,672	(1,862,487)	4,196,400

25. EVENTS AFTER THE BALANCE SHEET DATE

Application for AIM listing

The Company intends to seek a listing on the Alternative Investment Market (AIM) by way of an Initial Public Offering. The Company is working with a series of appointed advisers towards an admission between late April and early May 2016.

Working Capital

In addition, as part of its review of its working capital structure on 14 March the Company signed a 2 year extension to its £20,000,000 Revolving credit arrangement with Shawbrook Bank. The facility has been increased to £25,000,000 and runs to September 2019.

MORSES CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 52 WEEK PERIOD ENDED 27 FEBRUARY 2016****26. RELATED PARTY TRANSACTIONS**

Perpignon Limited is the parent of Morses Club Limited.

On 28 February 2015 the Company acquired 100% per cent of the issued share capital of Shopacheck Financial Services Limited from Perpignon Limited, and subsequently hive up its trade and assets into the Company. Details of this transaction are outlined in Note 22.

The Company undertook the following transactions with its parent and subsidiary during the period:

	Dividends Received / (Paid) £	Management Fees £	Professional Fees Recharged £
52 Weeks ended 27 February 2016			
Perpignon Limited	(48,628,660)	(940,600)	(374,238)
Shopacheck Financial Services Limited	68,599,000	-	-
	<u>19,970,340</u>	<u>(940,600)</u>	<u>(374,238)</u>
53 Weeks ended 28 February 2015			
Perpignon Limited	(2,000,000)	(180,000)	-
Shopacheck Financial Services Limited	-	(1,386,000)	-
	<u>(2,000,000)</u>	<u>(1,566,000)</u>	<u>-</u>
52 Weeks ended 22 February 2014			
Perpignon Limited	-	(180,000)	-
Shopacheck Financial Services Limited	-	-	-
	<u>-</u>	<u>(180,000)</u>	<u>-</u>

At the period-end the following balances were outstanding:

	27.2.16 £	28.2.15 £	22.2.14 £	23.2.13 £
Perpignon Limited	-	25,128,659	5,930,058	5,424,651
Shopacheck Financial Services Limited	(1,321,416)	(69,920,416)	-	-
Amounts owed from / (to) Related Parties	<u>(1,321,416)</u>	<u>(44,791,757)</u>	<u>5,930,058</u>	<u>5,424,651</u>