WORLD ACCEPTANCE CORP
Form 10-K/A
July 19, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K/A

(Amendment No. 1)

(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2013
OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _____________

Commission file number 0-19599

WORLD ACCEPTANCE CORPORATION
(Exact name of registrant as specified in its charter)

South Carolina	570425114
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
108 Frederick Street Greenville, South Carolina	29607
(Address of principal executive offices)	(Zip Code)

(864) 298-9800
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, no par value	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o (Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of voting stock held by non-affiliates of the registrant as of September 30, 2012, computed by reference to the closing sale price on such date, was $696,290,464. (For purposes of calculating this amount only, all directors and executive officers are treated as affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.) As of June 12, 2013, 11,775,577 shares of the registrant’s Common Stock, no par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the Registrant's definitive Proxy Statement pertaining to the 2013 Annual Meeting of Shareholders ("the Proxy Statement") and filed pursuant to Regulation 14A are incorporated herein by reference into Part III hereof.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this “Form 10-K/A”) to the registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2013, initially filed with the Securities and Exchange Commission on June 14, 2013 (the “Original Filing”), is being filed to provide certain information that was omitted from the Original Filing, including (i) Part II, Items 6, 7, 7A, 8, 9, 9A and 9B, (ii) Exhibit 23.0, Consent of Independent Registered Public Accounting Firm,

(iii) complete versions of Exhibits 31.1 and 31.2, Certifications of the Chief Executive Officer and Chief Financial Officer under Rule 13a-14(a)/15d-14(a), (iv) Exhibits 32.1 and 32.2, Certifications of the Chief Executive Officer and Chief Financial Officer under Section 1350, and (v) Exhibit 101, financial statement information in XBRL format. In addition, for convenience, this Form 10-K/A also includes and restates the items included in the Original Filing. Except as otherwise set forth in this Form 10-K/A, no changes or updates to the items included in the Original Filing have been made to reflect subsequent events that may have occurred with respect to such items subsequent to the filing date of the Original Filing.

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WORLD ACCEPTANCE CORPORATION
Form 10-K Report

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Introduction

World Acceptance Corporation, a South Carolina corporation, operates a small-loan consumer finance business in thirteen states and Mexico. As used herein, the "Company," "we," "our," "us," or similar formulations include World Acceptance Corporation and each of its subsidiaries, except that when used with reference to the Common Stock or other securities described herein and in describing the positions held by management or agreements of the Company, it includes only World Acceptance Corporation. All references in this report to "fiscal 2014" are to the Company's fiscal year that will end on March 31, 2014; all references in this report to "fiscal 2013" are to the Company's fiscal year ended March 31, 2013; all references to "fiscal 2012" are to the Company's fiscal year ending March 31, 2012; and all references to "fiscal 2011" are to the Company's fiscal year ending March 31, 2011.

The Company maintains an Internet website, "www.worldacceptance.com," where interested persons will be able to access free of charge, among other information, the Company's annual reports on Form 10-K, its quarterly reports on Form 10-Q, and its current reports on Form 8-K, as well as amendments to these filings, via a link to a third party website. These documents are available for access as soon as reasonably practicable after we electronically file these documents with the Securities and Exchange Commission ("SEC"). The Company files these reports with the SEC via the SEC's EDGAR filing system, and such reports also may be accessed via the SEC's EDGAR database at www.sec.gov. The Company will also provide either electronic or paper copies free of charge upon written request to P.O. Box 6429, Greenville, SC 29606-6429. Information included on or linked to our website is not incorporated by reference into this annual report.

PART I.

Item 1. Description of Business

General. The Company is engaged in the small-loan consumer finance business, offering short-term small loans, medium-term larger loans, related credit insurance and ancillary products and services to individuals. The Company generally offers standardized installment loans of between $300 and $4,000 through 1,203 offices in South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Illinois, Missouri, New Mexico, Kentucky, Alabama, Wisconsin, Indiana, and Mexico as of March 31, 2013. The Company generally serves individuals with limited access to consumer credit from banks, credit unions, other consumer finance businesses and credit card lenders. In the U.S. offices, the Company also offers income tax return preparation services to its customers and others.

Small-loan consumer finance companies operate in a highly structured regulatory environment. Consumer loan offices are licensed under state laws, which, in many states, establish allowable interest rates, fees and other charges on small loans made to consumers and maximum principal amounts and maturities of these loans. The Company believes that virtually all participants in the small-loan consumer finance industry charge at or close to the maximum rates permitted under applicable state laws in those states with interest rate limitations.

The small-loan consumer finance industry is a highly fragmented segment of the consumer lending industry. Small-loan consumer finance companies generally make loans to individuals of up to $1,500 with maturities of one year or less. These companies approve loans on the basis of the personal creditworthiness of their customers and maintain close contact with borrowers to encourage the repayment or when appropriate to meet the borrower's needs, the refinancing of loans. By contrast, commercial banks, credit unions and other consumer finance businesses typically make loans of more than $5,000 with maturities of more than one year. Those financial institutions generally approve consumer loans on the security of qualifying personal property pledged as collateral or impose more stringent credit requirements than those of small-loan consumer finance companies. As a result of their higher credit standards and specific collateral requirements, commercial banks, savings and loans and other consumer finance businesses typically charge lower interest rates and fees and experience lower delinquency and charge-off rates than do small-loan consumer finance companies. Small-loan consumer finance companies generally charge higher interest rates and fees to compensate for the greater credit risk of delinquencies and charge-offs and increased loan administration and collection costs.

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Expansion. During fiscal 2013, the Company opened 67 new offices. Three offices were purchased and four offices were merged into existing offices due to its inability to grow to profitable levels. In fiscal 2014, the Company plans to open or acquire at least 50 new offices in the United States by increasing the number of offices in its existing market areas or commencing operations in new states where it believes demographic profiles and state regulations are attractive. In addition, the Company plans to open approximately 15 new offices in Mexico in fiscal 2014. The Company's ability to continue existing operations and expand its operations in existing or new states is dependent upon, among other things, laws and regulations that permit the Company to operate its business profitably and its ability to obtain necessary regulatory approvals and licenses; however, there can be no assurance that such laws and regulations will not change in ways that adversely affect the Company or that the Company will be able to obtain any such approvals or consents. See Part 1, Item 1A, "Risk Factors" for a further discussion of risks to our business and plans for expansion.

The Company's expansion is also dependent upon its ability to identify attractive locations for new offices and to hire suitable personnel to staff, manage and supervise new offices. In evaluating a particular community, the Company examines several factors, including the demographic profile of the community, the existence of an established small-loan consumer finance market and the availability of suitable personnel to staff, manage and supervise the new offices. The Company generally locates new offices in communities already served by at least one other small-loan consumer finance company.

As already noted, the small-loan consumer finance industry is highly fragmented in the thirteen states in which the Company currently operates. The Company believes that its competitors in these markets are principally independent operators with generally less than 100 offices. The Company also believes that attractive opportunities to acquire offices from competitors in its existing markets and to acquire offices in communities not currently served by the Company will become available as conditions in the local economies and the financial circumstances of the owners change.

The following table sets forth the number of offices of the Company at the dates indicated:

	At March 31,									
State	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
South Carolina	65	65	68	89	92	93	95	97	97	98
Georgia	74	76	74	96	97	100	101	103	105	108
Texas	150	164	168	183	204	223	229	247	262	279
Oklahoma	47	51	58	62	70	80	82	82	82	82
Louisiana	20	20	24	28	34	38	38	40	44	47
Tennessee	51	55	61	72	80	92	95	103	105	105
Illinois	30	33	37	40	58	61	64	68	75	81
Missouri	26	36	38	44	49	57	62	66	72	76
New Mexico	19	20	22	27	32	37	39	44	44	44
Kentucky	30	36	41	45	52	58	61	66	70	71
Alabama	14	21	26	31	35	42	44	51	62	64
Colorado (1)	—	2	—	—	—	—	—	—	—	—
Wisconsin (3)	—	—	—	—	—	—	—	5	14	21
Indiana (4)	—	—	—	—	—	—	—	—	—	8
Mexico (2)	—	—	3	15	35	63	80	95	105	119
Total	526	579	620	732	838	944	990	1,067	1,137	1,203

(1) The Company commenced operations in Colorado in August 2004 and ceased operations in April 2005.
(2) The Company commenced operations in Mexico in September 2005.

(3) The Company commenced operations in Wisconsin in December 2010.
(4) The Company commenced operations in Indiana in September 2012.

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Loan and Other Products. In each state in which it operates and in Mexico, the Company offers consumer installment loans that are standardized by amount and maturity in an effort to reduce documentation and related processing costs. The Company's loans are consumer installment loans that are payable in fully amortizing monthly installments with terms generally of 4 to 44 months, and all loans are prepayable at any time without penalty. In fiscal 2013, the Company's average originated gross loan size and term were approximately $1,246 and 12 months, respectively. Several state laws regulate lending terms, including the maximum loan amounts and interest rates and the types and maximum amounts of fees and other costs that may be charged. As of March 31, 2013, the annual percentage rates on loans offered by the Company, which include interest, fees and other charges as calculated for the purposes of the requirements of the federal Truth in Lending Act, ranged from 21% to 199% depending on the loan size, maturity and the state in which the loan is made. In addition, in certain states, the Company, as agent for an unaffiliated insurance company, sells credit insurance in connection with its loan transactions. The commissions from the premiums for those insurance products may increase the Company’s overall returns on loan transactions originated in those states.

Specific allowable charges vary by state and, consistent with industry practice, the Company generally charges at or close to the maximum rates allowable under applicable state law in those states that limit loan rates. Statutes in Texas and Oklahoma allow for indexing the maximum loan amounts to the Consumer Price Index. The Company’s loan products are pre-computed loans in which the finance charge is a combination of origination or acquisition fees, account maintenance fees, monthly account handling fee and other charges permitted by the relevant state laws.

As of March 31, 2013, annual percentage rates applicable to our gross loans receivable, as defined by the Truth in Lending Act were as follows:

Low	High	US	Mexico	Total	Percentage of total gross loans receivable
21%	36%	$259,401,697	$—	$259,401,697	24.31%
37%	50%	220,261,660	4,127	220,265,787	20.64%
51%	60%	139,553,431	130,600	139,684,031	13.09%
61%	70%	54,303,748	3,312,904	57,616,652	5.40%
71%	80%	33,513,034	12,804,266	46,317,300	4.34%
81%	90%	203,928,045	5,374,819	209,302,864	19.62%
91%	100%	32,101,282	2,651,548	34,752,830	3.26%
101%	150%	29,564,466	61,125,256	90,689,722	8.50%
151%	199%	9,020,880	—	9,020,880	0.85%
		$981,648,243	$85,403,520	$1,067,051,763	100%

The Company, as an agent for an unaffiliated insurance company, markets and sells credit life, credit accident and health, credit property, and unemployment insurance in connection with its loans in selected states where the sale of such insurance is permitted by law. Credit life insurance provides for the payment in full of the borrower's credit obligation to the lender in the event of death. Credit accident and health insurance provides for repayment of loan installments to the lender that come due during the insured's period of income interruption resulting from disability from illness or injury. Credit property insurance insures payment of the borrower's credit obligation to the lender in the event that the personal property pledged as security by the borrower is damaged or destroyed by a covered event. Unemployment insurance provides for repayment of loan installments to the lender that come due during the insured’s period of involuntary unemployment. The Company encourages customers to obtain credit insurance for all loans originated in Georgia, South Carolina, Louisiana, Indiana and Kentucky and on a limited basis in Alabama, Tennessee, Oklahoma, and Texas. Customers in those states typically obtain such credit insurance through the Company. Charges for such credit insurance are made at filed authorized rates and are stated separately in the

Company's disclosure to customers, as required by the Truth in Lending Act and by various applicable state laws. In the sale of insurance policies, the Company, as an agent, writes policies only within limitations established by its agency contracts with the insurer. The Company does not sell credit insurance to non-borrowers.

In South Carolina, Georgia, Louisiana, Kentucky and Alabama, the Company also charges its borrowers for its non-filing insurance premiums in connection with certain loans in lieu of recording and perfecting the Company’s security interest in the loan collateral. The premiums are remitted to a third party insurance company for non-filing insurance coverage.

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The Company also markets automobile club memberships to its borrowers in Georgia, Tennessee, New Mexico, Louisiana, Alabama, Texas, Kentucky, and Indiana as an agent for an unaffiliated automobile club. Club memberships entitle members to automobile breakdown and towing reimbursement and related services. The Company is paid a commission on each membership sold, but has no responsibility for administering the club, paying benefits or providing services to club members. The Company does not market automobile club memberships to non-borrowers.

The table below shows the insurance types available in each state the Company operates:

	Credit Life	Credit Accident and Health	Credit Property	Unemployment	Non-filing Premiums	Automobile Club Membership
Georgia	X	X	X		X	X
South Carolina	X	X	X	X	X	
Texas (1)	X	X	X	X		X
Oklahoma (1)	X	X	X	X		
Louisiana	X	X	X		X	X
Tennessee (1)	X	X	X	X		X
Illinois						
Missouri						
New Mexico (1)	X	X				X
Kentucky	X	X	X	X	X	X
Alabama	X	X	X		X	X
Wisconsin						
Indiana	X	X	X	X		X

(1) Credit insurance is offered for certain loans.

In fiscal 1995, the Company implemented its World Class Buying Club and began marketing certain electronic products and appliances to its Texas borrowers. Since implementation, the Company has expanded this program to Georgia, Tennessee, New Mexico and Missouri. The program is not offered in the other states where the Company operates, as it is not permitted by the state regulations in those states. Borrowers participating in this program can purchase a product from a limited selection of items maintained in the branch offices or offered through a catalog available at a branch office and can finance the purchase with a retail installment sales contract provided by the Company. Other than the limited product samples maintained in the branch offices, products sold through this program are shipped directly by the suppliers to the Company's customers and, accordingly, the Company is not required to maintain a large inventory to support the program. The Company believes that maintaining a limited number of items on hand in each of its participating offices has enhanced sales under this program and plans to continue this practice in the future.

Another service offered by the Company is income tax return preparation and electronic filing. This program is provided in all but a few of the Company’s U.S offices. The Company prepared, approximately, 50,000, 44,000 and 48,000 returns in each of the fiscal years 2013, 2012 and 2011, respectively. Net revenue generated by the Company from this program during fiscal 2013, 2012 and 2011 amounted to approximately \$8.7 million, \$7.9 million and \$7.8 million, respectively. The Company believes that this is a beneficial service for its existing customer base, as well as non-loan customers, and it plans to continue to promote this program.

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Loan Receivables. The following table sets forth the composition of the Company's gross loan receivables by state at March 31 of each year from 2004 through 2013:

	At March 31,									
State	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
South Carolina	14%	12%	11%	13%	12%	11%	12%	12%	11%	11%
Georgia	13	13	13	14	15	14	14	13	13	13
Texas	21	20	24	23	22	21	20	19	19	19
Oklahoma	5	5	6	5	5	6	6	7	6	6
Louisiana	3	3	3	3	3	3	2	2	2	2
Tennessee	15	18	15	15	14	14	14	14	14	13
Illinois	5	5	5	6	6	6	6	6	7	6
Missouri	6	6	6	5	6	6	6	6	6	6
New Mexico	3	3	3	3	3	3	3	2	2	2
Kentucky	12	12	11	9	9	9	9	9	9	9
Alabama	3	3	3	3	3	4	4	4	4	4
Wisconsin (2)	—	—	—	—	—	—	—	—	1	1
Indiana (3)	—	—	—	—	—	—	—	—	—	—
Mexico (1)	—	—	—	1	2	3	4	6	6	8
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

(1) The Company commenced operations in Mexico in September 2005.
(2) The Company commenced operations in Wisconsin in December 2010.
(3) The Company commenced operations in Indiana in September 2012.

The following table sets forth the total number of loans, the average loan balance and the gross loan balance by state at March 31, 2013:

	Total Number of Loans	Average Gross Loan Balance	Gross Loan Balance (thousands)
South Carolina	83,517	$1,389	$116,029
Georgia	97,224	1,378	133,989
Texas	227,303	896	203,564
Oklahoma	56,172	1,194	67,048
Louisiana	31,857	800	25,493
Tennessee	100,968	1,385	139,828
Illinois	48,830	1,403	68,500
Missouri	44,267	1,399	61,936
New Mexico	27,030	747	20,194
Kentucky	57,436	1,586	91,075
Alabama	48,194	897	43,238
Wisconsin	7,000	1,308	9,155
Indiana	1,308	1,223	1,600
Mexico	126,008	678	85,403
Total	957,114	$1,115	$1,067,052

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For fiscal 2013, 2012 and 2011, 93.0%, 93.4% and 94.5%, respectively, of the Company’s revenues were attributable to U.S. customers and 7.0%, 6.6% and 5.5%, respectively, were attributable to customers in Mexico. For further information regarding potential risks associated with the Company’s operations in Mexico, see Part I, Item 1A, “Risk Factors–Our continued expansion into Mexico may increase the risks inherent in conducting international operations, contribute materially to increased costs and negatively affect our business, prospects, results of operations and financial condition,” and “–Our use of derivatives exposes us to credit and market risk,” as well as Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations–Quantitative and Qualitative Disclosures about Market Risk–Foreign Currency Exchange Rate Risk.”

Seasonality. The Company's highest loan demand occurs generally from October through December, its third fiscal quarter. Loan demand is generally lowest and loan repayment highest from January to March, its fourth fiscal quarter. Consequently, the Company experiences significant seasonal fluctuations in its operating results and cash needs. Operating results from the Company's third fiscal quarter are generally lower than in other quarters and operating results for its fourth fiscal quarter are generally higher than in other quarters.

Lending and Collection Operations. The Company seeks to provide short-term consumer installment loans to the segment of the population that has limited access to other sources of credit. In evaluating the creditworthiness of potential customers, the Company primarily examines the individual's discretionary income, length of current employment and/or sources of income, duration of residence and prior credit experience. Loans are made to individuals on the basis of the customer's discretionary income and other factors and are limited to amounts that the customer can reasonably be expected to repay from that income. All of the Company's new customers are required to complete standardized credit applications in person or by telephone at local Company offices. Each of the Company's local offices is equipped to perform immediate background, employment and credit checks and approve loan applications promptly, often while the customer waits. The Company's employees verify the applicant's sources of income and credit histories through telephone checks with employers, other employment references and a variety of credit services. Substantially all new customers are required to submit a listing of personal property that will serve as collateral to secure the loan, but the Company does not rely on the value of such collateral in the loan approval process and generally does not perfect its security interest in that collateral. Accordingly, if the customer were to default in the repayment of the loan, the Company may not be able to recover the outstanding loan balance by resorting to the sale of collateral. The Company generally approves less than 50% of applications for loans to new customers.

The Company believes that development and continual reinforcement of personal relationships with customers improves the Company's ability to monitor their creditworthiness, reduces credit risk and generates customer loyalty. It is not unusual for the Company to have made a number of loans to the same customer over the course of several years, many of which were refinanced with a new loan after the borrower had reduced the existing loan's outstanding balance by making multiple payments. In determining whether to refinance existing loans, the Company typically requires loans to be current on a recency basis, and repeat customers are generally required to complete a new credit application if they have not completed one within the prior two years.

In fiscal 2013, approximately 84.6% of the Company's loans were generated through refinancings of outstanding loans and the origination of new loans to previous customers. A refinancing represents a new loan transaction with a present customer in which a portion of the new loan proceeds is used to repay the balance of an existing loan and the remaining portion is advanced to the customer. The Company actively markets the opportunity for qualifying customers to refinance existing loans prior to maturity. In many cases the existing customer’s past performance and established creditworthiness with the Company qualifies that customer for a larger loan. This, in turn, may increase the fees and other income realized for a particular customer. For fiscal 2013, 2012 and 2011, the percentages of the Company's loan originations that were refinancings of existing loans were 75.3%, 75.9% and 75.9%, respectively.

The Company allows refinancing of delinquent loans on a case-by-case basis for those customers who otherwise satisfy the Company's credit standards. Each such refinancing is carefully examined before approval in an effort to avoid increasing credit risk. A delinquent loan may generally be refinanced only if the customer has made payments which, together with any credits of insurance premiums or other charges to which the customer is entitled in connection with the refinancing, reduce the balance due on the loan to an amount equal to or less than the original cash advance made in connection with the loan. The Company does not allow the amount of the new loan to exceed the original amount of the existing loan. The Company believes that refinancing delinquent loans for certain customers who have made periodic payments allows the Company to increase its average loans outstanding and its interest, fee and other income without experiencing a significant increase in loan losses. These refinancings also provide a resolution to temporary financial setbacks for these borrowers and sustain their credit rating. Because they are allowed on a selective basis only, refinancings of delinquent loans represented 1.4% of the Company’s loan volume in fiscal 2013.

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To reduce late payment risk, local office staffs encourage customers to inform the Company in advance of expected payment problems. Local office staff also promptly contact delinquent customers following any payment due date and thereafter remain in close contact with such customers through phone calls, letters or personal visits to the customer until payment is received or some other resolution is reached. When representatives of the Company make personal visits to delinquent customers, the Company's policy is to encourage the customers to return to the Company's office to make payment. Company employees are instructed not to accept payment outside of the Company's offices except in unusual circumstances. In Georgia, Oklahoma, Illinois, Missouri, Tennessee, Alabama, Louisiana, New Mexico, Wisconsin, Kentucky, and Indiana the Company is permitted under state laws to garnish customers' wages for repayment of loans, but the Company does not otherwise generally resort to litigation for collection purposes, and rarely attempts to foreclose on collateral.

Insurance-related Operations.   In certain states, the Company sells credit insurance to customers in connection with its loans as an agent for an unaffiliated insurance company. These insurance policies provide for the payment of the outstanding balance of the Company's loan upon the occurrence of an insured event. The Company earns a commission on the sale of such credit insurance, which is based in part on the claims experience of the insurance company on policies sold on its behalf by the Company.

The Company has a wholly-owned, captive insurance subsidiary that reinsures a portion of the credit insurance sold in connection with loans made by the Company. Certain coverages currently sold by the Company on behalf of the unaffiliated insurance carrier are ceded by the carrier to the captive insurance subsidiary, providing the Company with an additional source of income derived from the earned reinsurance premiums. In fiscal 2013, the captive insurance subsidiary reinsured approximately 1.4% of the credit insurance sold by the Company and contributed approximately $0.8 million to the Company's total revenues.

The Company typically does not perfect its security interest in collateral securing its smaller loans by filing Uniform Commercial Code (“UCC”) financing statements. Statutes in Georgia, Louisiana, South Carolina, Kentucky and Alabama permit the Company to charge a non-filing or non-recording insurance premium in connection with certain loans originated in these states. These premiums are equal in aggregate amount to the premiums paid by the Company to purchase non-filing insurance coverage from an unaffiliated insurance company. Under its non-filing insurance coverage, the Company is reimbursed for losses on loans resulting from its policy not to perfect its security interest in collateral securing the loans.

Information Technology. ParaData Financial Systems, a wholly owned subsidiary, is a financial services software company headquartered near St. Louis, Missouri. Using the proprietary data processing software package developed by ParaData, the Company is able to fully automate all of its loan account processing and collection reporting. The system provides thorough management information and control capabilities. ParaData also markets its financial services data processing system to other financial services companies, but experiences significant fluctuations from year to year in the amount of revenues generated from sales of the system to third parties. Such revenues have historically not been material to the Company.

Monitoring and Supervision. The Company's loan operations are organized into Southern, Central, and Western Divisions, and Mexico. The Southern Division consists of South Carolina, Georgia, Louisiana and Alabama; the Central Division consists of Tennessee, Illinois, Missouri, Wisconsin, Kentucky, and Indiana; and the Western Division consists of Texas, Oklahoma, and New Mexico. Several levels of management monitor and supervise the operations of each of the Company's offices. Branch managers are directly responsible for the performance of their respective offices. District supervisors are responsible for the performance of 8 to 11 offices in their districts, typically communicate with the branch managers of each of their offices at least weekly and visit the offices at least monthly. The Vice Presidents of Operations monitor the performance of all offices within their states (or partial state in the case of Texas), primarily through communication with district supervisors. These Vice Presidents of

Operations typically communicate with the district supervisors of each of their districts weekly and visit each of their offices quarterly.

Senior management receives daily delinquency, loan volume, charge-off, and other statistical reports consolidated by state and has access to these daily reports for each branch office. At least six times per fiscal year, district supervisors examine the operations of each office in their geographic area and submit standardized reports detailing their findings to the Company's senior management. At least once per year, each office undergoes an audit by the Company's internal auditors. These audits include an examination of cash balances and compliance with Company loan approval, review and collection procedures and compliance with federal and state laws and regulations.

Staff and Training. Local offices are generally staffed with three to four employees. The branch manager supervises operations of the office and is responsible for approving all new and former borrower loan applications and requests for increases in the amount of credit extended. Each office generally has one or two assistant managers who contact delinquent customers, review loan applications and prepare operational reports. Each office also generally has a customer service representative who takes loan applications, processes loan applications, applies payments, and assists in the preparation of operational reports, in collection efforts, and in marketing activities. Larger offices may employ additional assistant managers and customer service representatives.

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New employees are required to review detailed training manuals that outline the Company's operating policies and procedures. The Company tests each employee on the training manual during the first year of employment. In addition, each branch provides in-office training sessions once every week and periodic training sessions outside the office. The Company has also implemented an enhanced training tool known as World University,which provides continuous, real-time, effective online training to all locations. This allows for more training opportunities to be available to all employees throughout the course of their career with the Company.

Advertising. The Company actively advertises through direct mail, targeting both its present and former customers and potential customers who have used other sources of consumer credit. The Company obtains or acquires mailing lists from third party sources. In addition to the general promotion of its loans for vacations, back-to-school needs and other uses, the Company advertises extensively during the October through December holiday season and in connection with new office openings. The Company believes its advertising contributes significantly to its ability to compete effectively with other providers of small-loan consumer credit. Advertising expenses were approximately 2.5% of total revenues in fiscal 2013, 2.6% in fiscal 2012 and 2.7% in fiscal 2011.

Competition. The small-loan consumer finance industry is highly fragmented, with numerous competitors. The majority of the Company's competitors are independent operators with generally less than 100 offices. Competition from community banks and credit unions is limited because banks typically do not make loans of less than $5,000.

The Company believes that competition between small-loan consumer finance companies occurs primarily on the basis of the strength of customer relationships, customer service and reputation in the local community, rather than pricing, as participants in this industry generally charge interest rates and fees at or close to the maximum permitted by applicable laws. The Company believes that its relatively larger size affords it a competitive advantage over smaller companies by increasing its access to, and reducing its cost of, capital. In addition the Company’s in-house integrated computer system provides data processing and the Company’s in-house print shop provides direct mail and other printed items at a substantially reduced cost to the Company.

Several of the states in which the Company currently operates limit the size of loans made by small-loan consumer finance companies and prohibit the extension of more than one loan to a customer by any one company. As a result, many customers borrow from more than one finance company, enabling the Company, subject to the limitations of various consumer protection and privacy statutes including, but not limited to the federal Fair Credit Reporting Act and the Gramm-Leach-Bliley Act, to obtain information on the credit history of specific customers from other consumer finance companies.

Employees. As of March 31, 2013, the Company had 3,549 U.S. employees, none of whom were represented by labor unions and 934 employees in Mexico, all of whom were represented by a Mexico-based labor union. The Company considers its relations with its personnel to be good. The Company seeks to hire people who will become long-term employees. The Company experiences a high level of turnover among its entry-level personnel, which the Company believes is typical of the small-loan consumer finance industry.

Executive Officers of the Company. The names and ages, positions, terms of office and periods of service of each of the Company's executive officers (and other business experience for executive officers who have served as such for less than five years) are set forth below. The term of office for each executive officer expires upon the earlier of the appointment and qualification of a successor or such officers' death, resignation, retirement or removal.

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Name and Age	Position	Period of Service as Executive Officer and Pre-executive Officer Experience (if an Executive Officer for Less Than Five Years)
A. Alexander McLean, III (61)	Chief Executive Officer; Chairman and Director	Chief Executive Officer since March 2006; Executive Vice President from August 1996 until March 2006; Senior Vice President from July 1992 until August 1996; CFO from June 1989 until March 2006; Director since June 1989; and Chairman since August 2007.
Kelly M. Malson (43)	Senior Vice President and Chief Financial Officer	Chief Financial Officer since March 2006; Senior Vice President since May 2009; Vice President of Internal Audit from September 2005 to March 2006.
Mark C. Roland (56)	President and Chief Operating Officer and Director	President since March 2006; Chief Operating Officer since April 2005; Executive Vice President from April 2002 to March 2006; Senior Vice President from January 1996 to April 2002; Director from August 2007 until August 2011.
Jeff L. Tinney (50)	Senior Vice President, Western Division	Senior Vice President, Western Division, since June 2007; Vice President, Operations – Texas and New Mexico from June 2001 to June 2007; Vice President, Operations – Texas and Louisiana from April 1998 to June 2001.
D. Clinton Dyer (40)	Senior Vice President, Central Division	Senior Vice President, Central Division since June 2005; Vice President, Operations – Tennessee and Kentucky from April 2002 to June 2005.
James D. Walters (45)	Senior Vice President, Southern Division	Senior Vice President, Southern Division since April 2005; Vice President, Operations – South Carolina and Alabama from August 1998 to March 2005.
Francisco Javier Sauza Del Pozo (58)	Senior Vice President, Mexico	Senior Vice President, Mexico since May 2008; Vice President of Operations from April 2005 to May 2008; President of Border Consulting Group from July 2004 to March 2005.

Government Regulation.

U. S. Operations. Small-loan consumer finance companies are subject to extensive regulation, supervision and licensing under various federal and state statutes, ordinances and regulations. In general, these statutes establish maximum loan amounts and interest rates and the types and maximum amounts of fees and other charges. In addition, state laws regulate collection procedures, the keeping of books and records and other aspects of the operation of small-loan consumer finance companies. Generally, state regulations also establish minimum capital requirements for each local office. State agency approval is required to open new branch offices. Accordingly, the ability of the Company to expand by acquiring existing offices and opening new offices will depend in part on obtaining the necessary regulatory approvals.

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A Texas regulation requires the approval of the Texas Consumer Credit Commissioner for the acquisition, directly or indirectly, of more than 10% of the voting or common stock of a consumer finance company. A Louisiana statute prohibits any person from acquiring control of 50% or more of the shares of stock of a licensed consumer lender, such as the Company, without first obtaining a license as a consumer lender. The overall effect of these laws, and similar laws in other states, is to make it more difficult to acquire a consumer finance company than it might be to acquire control of a nonregulated corporation.

All of the Company's branch offices are licensed under the laws of the state in which the office is located. Licenses granted by the regulatory agencies in these states are subject to renewal every year and may be revoked for failure to comply with applicable state and federal laws and regulations. In the states in which the Company currently operates, licenses may be revoked only after an administrative hearing.

The Company and its operations are regulated by several state agencies, including the Industrial Loan Division of the Office of the Georgia Insurance Commissioner, the Consumer Finance Division of the South Carolina Board of Financial Institutions, the South Carolina Department of Consumer Affairs, the Texas Office of the Consumer Credit Commissioner, the Oklahoma Department of Consumer Credit, the Louisiana Office of Financial Institutions, the Tennessee Department of Financial Institutions, the Missouri Division of Finance, the Consumer Credit Division of the Illinois Department of Financial Institutions, the Consumer Credit Bureau of the New Mexico Financial Institutions Division, the Kentucky Department of Financial Institutions, the Alabama State Banking Department, the Wisconsin Department of Financial Institutions, and the Indiana Department of Financial Institutions. These state regulatory agencies audit the Company's local offices from time to time, and each state agency performs an annual compliance audit of the Company's operations in that state.

Insurance. The Company is also subject to state regulations governing insurance agents in the states in which it sells credit insurance. State insurance regulations require that insurance agents be licensed, govern the commissions that may be paid to agents in connection with the sale of credit insurance and limit the premium amount charged for such insurance. The Company's captive insurance subsidiary is regulated by the insurance authorities of the Turks and Caicos Islands of the British West Indies, where the subsidiary is organized and domiciled.

Consumer finance companies are affected by changes in state and federal statutes and regulations. The Company actively participates in trade associations and in lobbying efforts in the states in which it operates and at the federal level. There have been, and the Company expects that there will continue to be, media attention, initiatives, discussions, proposals and legislation regarding the entire consumer credit industry, as well as our particular business, and possible significant changes to the laws and regulations, or the authority exercised pursuant to those laws and regulations that govern our business. In some cases, proposed or pending legislative or regulatory changes have been introduced that would, if enacted, have a material adverse effect on, or possibly even eliminate, our ability to continue our current business. We can give no assurance that the laws and regulations that govern our business, or the interpretation or administration of those laws and regulations, will remain unchanged or that any such future changes will not materially and adversely affect or in the worst case, eliminate, the Company's lending practices, operations, profitability or prospects. See "State legislation" and "Federal legislation" below and Part I, Item 1A, "Risk Factors," for a further discussion of the potential impact of regulatory changes on our business.

State legislation. We are subject to numerous state laws and regulations that affect our lending activities. Many of these regulations impose detailed and complex constraints on the terms of our loans, lending forms and operations. Failure to comply with applicable laws and regulations could subject us to regulatory enforcement action that could result in the assessment against us of civil, monetary or other penalties.

In the past, several state legislative and regulatory proposals have been introduced which, had they become law, would have had a material adverse impact on our operations and ability to continue to conduct business in the relevant state. Although to date none of these state initiatives have been successful, state legislatures continue to receive pressure to adopt similar legislation that would affect our lending operations. For example, in Missouri, following last year's failed ballot initiative, the same proponents have again commenced ballot initiatives to legislatively cap annual interest rates at 36% and to constitutionally impose other interest rate limitations.

In addition, any adverse change in existing laws or regulations, or any adverse interpretation or litigation relating to existing laws and regulations in any state in which we operate, could subject us to liability for prior operating activities or could lower or eliminate the profitability of our operations going forward by, among other things, reducing the amount of interest and fees we can charge in connection with our loans. If these or other factors lead us to close our offices in a state, then in addition to the loss of net revenues attributable to that closing, we would also incur closing costs such as lease cancellation payments and we would have to write off assets that we could no longer use. If we were to suspend rather than permanently cease our operations in a state, we may also have continuing costs associated with maintaining our offices and our employees in that state, with little or no revenues to offset those costs.

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Federal legislation. In addition to state and local laws and regulations, we are subject to numerous federal laws and regulations that affect our lending operations. These laws include the Truth in Lending Act, the Equal Credit Opportunity Act and the Fair Credit Reporting Act and the regulations thereunder and the Federal Trade Commission's Credit Practices Rule. These laws require the Company to provide complete disclosure of the principal terms of each loan to the borrower, prior to the consummation of the loan transaction, prohibit misleading advertising, protect against discriminatory lending practices and proscribe unfair, deceptive or abusive credit practices. Among the principal disclosure items under the Truth in Lending Act are the terms of repayment, the final maturity, the total finance charge and the annual percentage rate charged on each loan. The Equal Credit Opportunity Act prohibits creditors from discriminating against loan applicants on, among other things the basis of race, color, sex, age or marital status. Pursuant to Regulation B promulgated under the Equal Credit Opportunity Act, creditors are required to make certain disclosures regarding consumer rights and advise consumers whose credit applications are not approved of the reasons for the rejection. The Fair Credit Reporting Act also requires the Company to provide certain information to consumers whose credit applications are not approved on the basis of a report obtained from a consumer reporting agency and to provide additional information to those borrowers whose loan are approved and consummated if the credit decision was based in whole or in part on the contents of a credit report. The Credit Practices Rule limits the types of property a creditor may accept as collateral to secure a consumer loan. Violations of the statutes and regulations described above may result in actions for damages, claims for refund of payments made, certain fines and penalties, injunctions against certain practices and the potential forfeiture of rights to repayment of loans.

Although these laws and regulations remained substantially unchanged for many years, over the last several years the laws and regulations directly affecting our lending activities have been under review and are subject to change as a result of various developments and changes in economic conditions, the make-up of the executive and legislative branches of government, and the political and media focus on issues of consumer and borrower protection. See Part I, Item 1A, “Risk Factors - Media and public perception of consumer installment loans as being predatory or abusive could materially adversely affect our business, prospects, results of operations and financial condition” below. Any changes in such laws and regulations could force us to modify, suspend or cease part or, in the worst case, all of our existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of our business activities. The enactment of one or more of such regulatory changes could materially and adversely affect our business, results of operations and prospects.

Various legislative proposals addressing consumer credit transactions have been passed in recent years or are currently pending in the U.S. Congress. Congressional members continue to receive pressure from consumer activists and other industry opposition groups to adopt legislation to address various aspects of consumer credit transactions. As part of a sweeping package of financial industry reform regulations, in July 2010 Congress passed and the President signed into law the “Dodd-Frank Wall Street Reform and Consumer Protection Act” (the “Dodd-Frank Act”). This created, among other things, a new federal regulatory entity, the Bureau of Consumer Financial Protection (commonly referred to as the CFPB) with virtually unlimited power to regulate and enforce the form and content of all consumer financial transactions. The CFPB continues to actively engage in the announcement and implementation of various plans and initiatives in the area of consumer financial transactions. Notwithstanding that to date the CFPB's exercise of its powers has not been directed at either the Company or its operations, there can be no assurance that in the future it will not exercise its unprecedented powers in a manner that will, either directly or indirectly, have a material and adverse effect on, or eliminate altogether, the Company's ability to operate its business profitably or on terms substantially similar to those on which it currently operates. Although the Dodd-Frank Act prohibits the CFPB from setting interest rates on consumer loans, efforts to create a federal usury cap, applicable to all consumer credit transactions and substantially below rates at which the Company could continue to operate profitably, are still ongoing. Any federal legislative or regulatory action that severely restricts or prohibits the provision of small-loan consumer credit and similar services on terms substantially similar to those we currently provide would, if enacted, have a material adverse impact on our business, prospects, results of operations and financial condition. Any federal law that would impose a national 36% or similar annualized credit rate cap on our services would, if enacted, almost certainly eliminate our ability to continue our current operations. See Part I, Item 1A, “Risk Factors - Federal legislative or regulatory proposals, initiatives, actions or changes that are adverse to our operations or result in adverse regulatory proceedings, or our failure to comply with existing or future federal laws and regulations, could force us to modify, suspend or cease part or all of our nationwide operations,” for further information regarding the potential impact of adverse legislative and regulatory changes.

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Mexico Operations. Effective May 1, 2008, World Acceptance Corporation de Mexico, S. de R.L. de C.V. was converted to WAC de Mexico, S.A. de C.V., SOFOM, E.N.R. (“WAC de Mexico SOFOM”), and due to such conversion, this entity is now organized as a Sociedad Financiera de Objeto Múltiple, Entidad No Regulada (Multiple Purpose Financial Company, Non-Regulated Entity or “SOFOM, ENR”). Mexican law provides for administrative regulation of companies which are organized as SOFOM, ENRs. As such, WAC de Mexico SOFOM is mainly governed by different federal statutes, including the General Law of Auxiliary Credit Activities and Organizations, the Law for the Transparency and Order of Financial Services, the General Law of Credit Instruments and Operations, and the Law of Protection and Defense to the User of Financial Services. SOFOM, ENRs are also subject to regulation by and surveillance of the National Commission for the Protection and Defense of Users of Financial Services (“CONDUSEF”). CONDUSEF, among others, acts as mediator and arbitrator in disputes between financial lenders and customers, and resolves claims filed by loan customers. CONDUSEF also prevents unfair and discriminatory lending practices, and regulates, among others, the form of loan contracts, consumer disclosures, advertisement, and certain operating procedures of SOFOM, ENRs, with such regulations pertaining primarily to consumer protection and adequate disclosure and transparency in the terms of borrowing. Neither CONDUSEF nor federal statutes impose interest rate caps on loans granted by SOFOM, ENRs. The consumer loan industry, as with most businesses in Mexico, is also subject to other various regulations in the areas of tax compliance, anti-money laundering, and employment matters, among others, by various federal, state and local governmental agencies. Generally, federal regulations control over the state statutes with respect to the consumer loan operations of SOFOM, ENRs.

Available Information. The information regarding our website and availability of our filings with the SEC as described in the second paragraph under “Introduction” above is incorporated by reference into this Item 1 of Part I.

Item 1A.   Risk Factors

Forward-Looking Statements

This annual report contains various “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 that are based on management’s beliefs and assumptions, as well as information currently available to management. Statements other than those of historical fact, as well as those identified by the use of words such as “anticipate,” “estimate,” “plan,” “expect,” “believe,” “may,” “will,” “should,” and any variations of the foregoing and s expressions, are forward-looking statements. Although we believe that the expectations reflected in any such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Any such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual financial results, performance or financial condition may vary materially from those anticipated, estimated, expected or implied by any forward-looking statements. Among the key factors that could cause our actual financial results, performance or condition to differ from the expectations expressed or implied in such forward-looking statements are the following: recently enacted, proposed or future legislation and the manner in which it is implemented; the nature and scope of regulatory authority, particularly discretionary authority, that may be exercised by regulators having jurisdiction over the Company’s business or consumer financial transactions generically; the impact of changes in accounting rules and regulations, or their interpretation or application, which could materially and adversely affect the Company’s reported financial statements or necessitate material delays or changes in the issuance of the Company’s audited financial statements; the Company's assessment of its internal control over financial reporting, and the timing and effectiveness of the Company's efforts to remediate any reported material weakness in its internal control over financial reporting, which could lead to the Company to report further or unremediated material weaknesses in its internal control over financial reporting: changes in interest rates; risks relating to expansion and foreign operations; risks inherent in making loans, including repayment risks and value of collateral; the timing and amount of revenues that may be recognized by the Company; changes in current revenue and expense trends (including trends affecting delinquency and charge-offs); changes in the Company’s markets and general changes in the economy (particularly in the markets served by the Company); and the unpredictable nature of litigation. These and other risks are discussed below in more detail below in this "Risk Factors" section and in the Company's other filings made from time to time with the SEC. The Company does not undertake any obligation to update any forward-looking statements it may make.

Investors should consider the following risk factors, in addition to the other information presented in this annual report and the other reports and registration statements we file from time to time with the SEC, in evaluating us, our business and an investment in our securities. Any of the following risks, as well as other risks, uncertainties, and possibly inaccurate assumptions underlying our plans and expectations, could result in harm to our business, results of operations and financial condition and cause the value of our securities to decline, which in turn could cause investors to lose all or part of their investment in our Company. These factors, among others, could also cause actual results to differ materially from those we have experienced in the past or those we may express or imply from time to time in any forward-looking statements we make. Investors are advised that it is impossible to identify or predict all risks, and that risks not currently known to us or that we currently deem immaterial also could affect us in the future.

Unfavorable state legislative or regulatory actions or changes, adverse outcomes in litigation or regulatory proceedings or failure to comply with existing laws and regulations could force us to cease, suspend or modify our operations in a state, potentially resulting in a material adverse effect on our business, results of operations and financial condition.

We are subject to numerous state laws and regulations that affect our lending activities. Many of these regulations impose detailed and complex constraints on the terms of our loans, lending forms and operations. Failure to comply with applicable laws and regulations could subject us to regulatory enforcement action that could result in the assessment against us of civil, monetary or other penalties, including the suspension or revocation of our licenses to lend in one or more jurisdictions.

Changes in the laws under which we currently operate or the enactment of new laws governing our operations resulting from state political activities and legislative or regulatory initiatives could have a material adverse effect on all aspects of our business in a particular state. See Part 1, Item 1, “Description of Business–Government Regulation” and "–State legislation" for further discussion of such current state activities and initiatives.

Federal legislative or regulatory proposals, initiatives, actions or changes that are adverse to our operations or result in adverse regulatory proceedings, or our failure to comply with existing or future federal laws and regulations, could force us to modify, suspend or cease part or all of our nationwide operations.

In addition to state and local laws and regulations, we are subject to numerous federal laws and regulations that affect our lending operations. Although these laws and regulations have remained substantially unchanged for many years, the laws and regulations directly affecting our lending activities have been under review and subject to change in recent years as a result of various developments and changes in economic conditions, the make-up of the executive and legislative branches of government, and the political and media focus on issues of consumer and borrower protection. Any changes in such laws and regulations could force us to modify, suspend or cease part, or, in the worst case, all of our existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of our business activities. The enactment of one or more of such regulatory changes, or the exercise of broad regulatory authority by regulators having jurisdiction over the Company’s business or discretionary consumer financial transactions generally, could materially and adversely affect our business, results of operations and prospects.

Changes in the laws under which we currently operate or the enactment of new laws governing our operations resulting from federal political activities and legislative or regulatory initiatives could have a material adverse effect on all aspects of our operations. See Part 1, Item 1, “Description of Business–Government Regulation” and "–Federal legislation" for further discussion of such current federal activities and initiatives.

Media and public perception of consumer installment loans as being predatory or abusive could materially adversely affect our business, prospects, results of operations and financial condition.

Consumer activist groups and various other media sources continue to advocate for governmental and regulatory action to prohibit or severely restrict our products and services. These critics frequently characterize our products and services as predatory or abusive toward consumers. If this negative characterization of the consumer installment loans we make and/or ancillary services we provide becomes widely accepted by government policy makers or is embodied in legislative, regulatory, policy or litigation developments that adversely affect our ability to continue offering our products and services or the profitability of these products and services, our business, results of operations and financial condition would be materially and adversely affected.

Our continued expansion into Mexico may increase the risks inherent in conducting international operations, contribute materially to increased costs and negatively affect our business, prospects, results of operations and financial condition.

Although our operations in Mexico accounted for only 7.0% of our revenues during fiscal 2013 and 8.0% of our gross loans receivable at March 31, 2013, we intend to continue opening offices and expanding our presence in Mexico. In addition, if and to the extent that the state and federal regulatory climate in the U.S. changes in ways that adversely affect our ability to continue profitable operations in one or more U.S. states, we could become increasingly dependent on our operations in Mexico as our only viable expansion or growth strategy. In doing so, we may expose an increasing portion of our business to risks inherent in conducting international operations, including currency fluctuations and devaluations, unsettled political and social conditions, communication and translation errors due to language barriers, compliance with differing legal and regulatory regimes and differing cultural attitudes toward regulation and compliance.

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We are subject to interest rate risk resulting from general economic conditions and policies of various governmental and regulatory agencies.

Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve Board. Changes in monetary policy, including changes in interest rates, could influence the amount of interest we pay on our revolving credit facility or any other floating interest rate obligations we may incur, which would increase our operating costs and decrease our operating margins. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations–Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding our interest rate risk.

Our use of derivatives exposes us to credit and market risk.

From time to time we may use derivatives to manage our exposure to interest rate risk and foreign currency fluctuations. By using derivative instruments, the Company is exposed to credit and market risk. Additional information regarding our exposure to credit and market risk is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations–Quantitative and Qualitative Disclosures About Market Risk."

We depend to a substantial extent on borrowings under our revolving credit agreement to fund our liquidity needs.

We have an existing revolving credit agreement committed through November 19, 2014 that allows us to borrow up to $680.0 million, assuming we are in compliance with a number of covenants and conditions. If our existing sources of liquidity become insufficient to satisfy our financial needs or our access to these sources becomes unexpectedly restricted, we may need to try to raise additional debt or equity in the future. If such an event were to occur, we can give no assurance that such alternate sources of liquidity would be available to us at all or on favorable terms. Additional information regarding our liquidity risk is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations–Liquidity and Capital Resources."

Our debt agreements contain restrictions and limitations that could affect our ability to operate our business.

Our revolving credit agreement contains a number of covenants that could adversely affect our business and the flexibility to respond to changing business and economic conditions or opportunities. Among other things, these covenants limit our ability to declare or pay dividends, incur additional debt or enter into a merger, consolidation or sale of substantial assets. In addition, if we were to breach any covenants or obligations under our revolving credit agreement and such breach were to result in an event of default, our lenders could cause all amounts outstanding to become due and payable, subject to applicable grace periods. This could trigger cross-defaults under future debt instruments and materially and adversely affect our financial condition and ability to continue operating our business as a going concern. Additional information regarding our revolving credit facility is included in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations–Liquidity and Capital Resources."

Adverse conditions in the capital and credit markets generally, any particular liquidity problems affecting one or more members of the syndicate of banks that are members of the Company's credit facility or other factors outside our control, could affect the Company's ability to meet its liquidity needs and its cost of capital.

The severe turmoil that has persisted in the domestic and global credit and capital markets and broader economy since 2008 has negatively affected corporate liquidity, equity values, credit agency ratings and confidence in financial institutions in general. In addition to cash generated from operations, the Company depends on borrowings from institutional lenders to finance its operations, acquisitions and office expansion plans. The Company is not insulated from the pressures and potentially negative consequences of the recent financial crisis and similar risks beyond our control that have and may continue to affect the capital and credit markets, the broader economy, the financial services industry or the segment of that industry in which we operate. Additional information regarding our liquidity and related risks is included in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations–Liquidity and Capital Resources.”

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We are exposed to credit risk in our lending activities.

Our ability to collect on loans to individuals, our single largest asset group, depends on the willingness and repayment ability of our borrowers. Any material adverse change in the ability or willingness of a significant portion of our borrowers to meet their obligations to us, whether due to changes in economic conditions, unemployment rates, the cost of consumer goods (particularly, but not limited to, food and energy costs), disposable income, interest rates, natural disasters, acts of war or terrorism, or other causes over which we have no control, would have a material adverse impact on our earnings and financial condition. Additional information regarding our credit risk is included in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operation–Credit Quality.”

If our estimates of loan losses are not adequate to absorb actual losses, our provision for loan losses would increase. This would result in a decline in our future revenues and earnings.

We maintain an allowance for loan losses for loans we make directly to consumers. This allowance is an estimate. If our actual loan losses exceed the assumption used to establish the allowance, our provision for loan losses would increase, which would result in a decline in our future revenues and earnings. Additional information regarding our allowance for loan losses is included in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations–Credit Quality.”

We reported a material weakness in our internal control over financial reporting, and if we are unable to improve our internal controls, our financial results may not be accurately reported.

Management's assessment of the effectiveness of our internal control over financial reporting as of March 31, 2013 identified a material weakness in our internal control over financial reporting relating to the lack of a documented policy regarding the establishment and assumptions underlying the allowance for loan losses and the lack of a control to assess whether the accounting treatment of renewals was in accordance with U.S. Generally Accepted Accounting Principles and the impact that these modifications may have on the allowance for loan losses, as described in Part II, Item 9A, "Controls and Procedures.” A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. This material weakness, or difficulties encountered in implementing new or improved controls or remediation, could impact our ability to accurately reporting our financial results, result in a material misstatement in our financial statements or cause us to fail to meet our reporting obligations. Failure to comply with Section 404 of the Sarbanes-Oxley Act of 2002 could negatively affect our business, the price of our common stock, market confidence in our reported financial information, and our cost of capital. The Company cannot provide any assurance regarding the timing or completion of these remediation efforts or whether or not the Company's internal control over financial reporting will be effective as a result of these efforts.

The concentration of our revenues in certain states could adversely affect us.

We currently operate consumer installment loan offices in 13 states in the United States. Any adverse legislative or regulatory change in any one of our states, but particularly in any of our larger states could have a material adverse effect on our business, prospects, and results of operation or financial condition. See Part I, Item 1, "Description of Business" for information regarding the size of our business in the various states in which we operate.

We have goodwill which is subject to periodic review and testing for impairment.

A portion of our total assets at March 31, 2013 is comprised of goodwill. Under generally accepted accounting principles, goodwill is subject to periodic review and testing to determine if it is impaired. Unfavorable trends in our industry and unfavorable events or disruptions to our operations resulting from adverse legislative or regulatory actions or from other unpredictable causes could result in significant goodwill impairment charges.

Controls and procedures may fail or be circumvented.

Controls and procedures are particularly important for small-loan consumer finance companies. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurance that the objectives of the system are met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations and financial condition.

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If we lose the services of any of our key management personnel, our business could suffer.

Our future success significantly depends on the continued services and performance of our key management personnel. Competition for these employees is intense. The loss of the services of members of our senior management or key team members or the inability to attract additional qualified personnel as needed could materially harm our business.

Regular turnover among our managers and other employees at our offices makes it more difficult for us to operate our offices and increases our costs of operations, which could have an adverse effect on our business, results of operations and financial condition.

The annual turnover as of March 31, 2013 among our office employees was approximately 28.0%. This turnover increases our cost of operations and makes it more difficult to operate our offices. If we are unable to keep our employee turnover rates consistent with historical levels or if unanticipated problems arise from our high employee turnover, our business, results of operations and financial condition could be adversely affected.

Our ability to manage our growth may deteriorate, and our ability to execute our growth strategy may be adversely affected.

We have experienced substantial growth in recent years. Our growth strategy, which is based on opening and acquiring offices in existing and new markets, is subject to significant risks, some of which are beyond our control, including:

- the prevailing laws and regulatory environment of each state in which we operate or seek to operate, and, to the extent applicable, federal laws and regulations, which are subject to change at any time;
- our ability to obtain and maintain any regulatory approvals, government permits or licenses that may be required;
- the degree of competition in new markets and its effect on our ability to attract new customers;
- our ability to obtain adequate financing for our expansion plans; and
- our ability to attract, train and retain qualified personnel to staff our new operations.

We currently lack product and business diversification; as a result, our revenues and earnings may be disproportionately negatively impacted by external factors and may be more susceptible to fluctuations than more diversified companies.

Our primary business activity is offering small consumer installment loans together with, in some states in which we operate, related ancillary products. Thus, any developments, whether regulatory, economic or otherwise, that would hinder, reduce the profitability of or limit our ability to operate our small consumer installment loan business on the terms currently conducted would have a direct and adverse impact on our business, profitability and perhaps even our viability. Our current lack of product and business diversification could inhibit our opportunities for growth, reduce our revenues and profits and make us more susceptible to earnings fluctuations than many other financial institutions whose operations are more diversified.

Interruption of, or a breach in security relating to, our information systems could adversely affect us.

We rely heavily on communications and information systems to conduct our business. Each office is part of an information network that is designed to permit us to maintain adequate cash inventory, reconcile cash balances on a daily basis and report revenues and expenses to our headquarters. Any failure, interruption or breach in security of these systems, including any failure of our back-up systems, could result in failures or disruptions in our customer relationship management, general ledger, loan and other systems and could result in a loss of customer business, subject us to additional regulatory scrutiny or negative publicity, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

Our centralized headquarters functions are susceptible to disruption by catastrophic events, which could have a material adverse effect on our business, results of operations and financial condition.

Our headquarters building is located in Greenville, South Carolina. Our information systems and administrative and management processes are primarily provided to our offices from this centralized location, and they could be disrupted if a catastrophic event, such as severe weather, natural disaster, power outage, act of terror or similar event, destroyed or severely damaged our headquarters. Any such catastrophic event or other unexpected disruption of our headquarters functions could have a material adverse effect on our business, results of operations and financial condition.

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Absence of dividends could reduce our attractiveness to investors.

Since 1989, we have not declared or paid cash dividends on our common stock and may not pay cash dividends in the foreseeable future. As a result, our common stock may be less attractive to certain investors than the stock of dividend-paying companies.

Various provisions of our charter documents and applicable laws could delay or prevent a change of control that shareholders may favor.

Provisions of our articles of incorporation, South Carolina law, and the laws in several of the states in which our operating subsidiaries are incorporated could delay or prevent a change of control that the holders of our common stock may favor or may impede the ability of our shareholders to change our management. In particular, our articles of incorporation and South Carolina law, among other things, authorize our board of directors to issue preferred stock in one or more series, without shareholder approval, and will require the affirmative vote of holders of two-thirds of our outstanding shares of voting stock, to approve our merger or consolidation with another corporation. Additional information regarding the similar effect of laws in certain states in which we operate is described in Part 1, Item 1, "Description of Business – Government Regulation."

Overall stock market volatility may materially and adversely affect the market price of our common stock.

The Company's common stock price has been and is likely to continue to be subject to significant volatility. A variety of factors could cause the price of the common stock to fluctuate, perhaps substantially, including: general market fluctuations resulting from factors not directly related to the Company's operations or the inherent value of its common stock; state or federal legislative or regulatory proposals, initiatives, actions or changes that are, or are perceived to be, adverse to our operations; announcements of developments related to our business; fluctuations in our operating results and the provision for loan losses; low trading volume in our common stock; decreased availability of our common stock resulting from stock repurchases and concentrations of ownership by institutional investors; general conditions in the financial service industry, the domestic or global economy or the domestic or global credit or capital markets; changes in financial estimates by securities analysts; our failure to meet the expectations of securities analysts or investors; negative commentary regarding our Company and corresponding short-selling market behavior; adverse developments in our relationships with our customers; legal proceedings brought against the Company or its officers; or significant changes in our senior management team.

Changes to accounting rules, regulations or interpretations could significantly affect our financial results.
New accounting rules or regulations, changes to existing accounting rules or regulations and changing interpretations of existing rules and regulations have and may continue to be issued or occur in the future. Any such changes to accounting rules, regulations or interpretations could negatively affect our reported results of operations and could negatively affect our financial condition through increased cost of compliance.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Company owns its headquarters facility of approximately 21,000 square feet and a printing and mailing facility of approximately 13,000 square feet in Greenville, South Carolina, and all of the furniture, fixtures and computer terminals located in each branch office. As of March 31, 2013, the Company had 1,203 branch offices, most of which are leased pursuant to short-term operating leases. During the fiscal year ended March 31, 2013, total lease expense was approximately $21.9 million, or an average of approximately $18,600 per office. The Company's leases generally provide for an initial three- to five-year term with renewal options. The Company's branch offices are typically located in shopping centers, malls and the first floors of downtown buildings. Branches in the U.S. offices generally have a uniform physical layout with an average size of 1,500 square feet and in Mexico with an average size of 1,725 square feet.

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Item 3. Legal Proceedings

From time to time the Company is involved in routine litigation relating to claims arising out of its operations in the normal course of business, including matters in which damages in various amounts are claimed. While the outcome of litigation is by its nature uncertain, based on current knowledge, management does not believe that the outcome of any such pending matters to which it is a party will have a material adverse effect on the Company's results of operations or financial condition taken as a whole.

Item 4. Mine Safety Disclosures

None.

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PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Since November 26, 1991, the Company's common stock has traded on NASDAQ, currently on the NASDAQ Global Select Market ("NASDAQ"), under the symbol WRLD. As of– June 5, 2013, there were 66 holders of record of Common Stock and a significant number of persons or entities who hold their stock in nominee or “street” names through various brokerage firms.

Since April 1989, the Company has not declared or paid any cash dividends on its common stock. Its policy has been to retain earnings for use in its business and selectively use cash to repurchase its common stock on the open market. In the future, the Company's Board of Directors will determine whether to pay cash dividends based on conditions then existing, including the Company's earnings, financial condition, capital requirements and other relevant factors. In addition, the Company's credit agreements contain certain restrictions on the payment of cash dividends on its capital stock. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.”

On February 27, 2013, the Board of Directors authorized the Company to repurchase up to $25.0 million of the Company’s common stock. This repurchase authorization follows, and is in addition to, a similar repurchase authorization of $75.0 million announced on November 19, 2012. After taking into account all shares repurchased through June 14, 2013, the Company has $29.6 million in aggregate remaining repurchase capacity under all of the Company’s outstanding repurchase authorizations. The timing and actual number of shares repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements and other market and economic conditions. Although the repurchase authorizations above have no stated expiration date, the Company’s stock repurchase program may be suspended or discontinued at any time.

The following table provides information with respect to purchases made by the Company of shares of the Company’s common stock during the three month period ended March 31, 2013:

Issuer Purchases of Equity Securities

	Total Number of Shares Purchased	Average Price Paid per Share	Total Dollar Value of Shares Purchased as part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs	
January 1 through January 31, 2013	250,207	$74.21	18,568,492	$15,833,454	
February 1 through February 28, 2013	127,213	77.53	9,862,409	30,971,045	*
March 1 through March 31, 2013	174,500	77.90	13,593,855	17,377,190	
Total for the quarter	551,920	$76.14	42,024,756		

* On February 27, 2013, the Board of Directors authorized the Company to repurchase up to $25 million of the Company’s common stock. This repurchase authorization follows, and is in addition to, a similar repurchase

authorization of $75 million announced on November 19, 2012.

The timing and actual number of shares repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements and other market and economic conditions. The Company's stock repurchase program is not subject to specific targets or any expiration date, but may be suspended or discontinued at any time.

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The table below reflects the stock prices published by NASDAQ by quarter for the last two fiscal years. The last reported sale price on June 12, 2013 was $92.69.

Market Price of Common Stock
Fiscal 2013

Quarter	High	Low
First	$71.09	$57.03
Second	79.11	65.12
Third	75.28	61.00
Fourth	87.19	72.12

Market Price of Common Stock
Fiscal 2012

Quarter	High	Low
First	$68.90	$58.85
Second	70.13	55.65
Third	74.48	53.56
Fourth	74.95	61.18

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Item 6. Selected Financial Data

Selected Consolidated Financial and Other Data

(Amounts in thousands, except per share amounts)

	Years Ended March 31, 2013	2012	2011	2010	2009
Statement of Operations Data:					
Interest and fee income	$505,495	$466,481	$424,594	$375,031	$331,454
Insurance commissions and other income	78,222	73,681	66,851	65,605	60,698
Total revenues	583,717	540,162	491,445	440,636	392,152
Provision for loan losses	114,323	105,706	95,908	90,299	85,476
General and administrative expenses	285,710	260,684	237,515	217,012	200,216
Interest expense	17,394	13,899	14,773	13,881	14,886
Total expenses	417,427	380,289	348,196	321,192	300,578
Income before income taxes	166,290	159,873	143,249	119,444	91,574
Income taxes	62,201	59,179	52,000	45,783	35,081
Net income	$104,089	$100,694	$91,249	$73,661	$56,493
Net income per common share (diluted)	$7.88	$6.59	$5.63	$4.45	$3.43
Diluted weighted average shares	13,214	15,289	16,210	16,546	16,464
Balance Sheet Data (end of period):					
Loans receivable, net of unearned and deferred fees	$782,096	$715,085	$646,072	$571,086	$498,433
Allowance for loan losses	(59,981)	(54,507)	(48,355)	(42,897)	(38,021)
Loans receivable, net	722,115	660,578	597,717	528,189	460,412
Total assets	809,325	735,003	666,397	593,052	526,094
Total debt	400,250	279,250	187,430	170,642	197,042
Shareholders' equity	366,396	418,875	442,575	382,948	296,335
Other Operating Data:					
As a percentage of average net loans receivable:					
Provision for loan losses	14.6%	14.9%	15.1%	16.3%	17.6%
Net charge-offs	13.9%	14.0%	14.3%	15.5%	16.7%
Number of offices open at year-end	1,203	1,137	1,067	990	944

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

General

The Company's financial performance continues to be dependent in large part upon the growth in its outstanding loans receivable, the maintenance of loan quality and acceptable levels of operating expenses. Since March 31, 2009, gross loans receivable have increased at a 9.7% annual compounded rate from $671.2 million to $1.1 billion at March 31, 2013. The increase reflects both the higher volume of loans generated through the Company's existing offices and the contribution of loans generated from new offices opened or acquired over the period. During this same five-year period, the Company has grown from 838 offices to 1,203 offices as of March 31, 2013. During fiscal 2014, the Company plans to open approximately 50 new offices in the United States and 15 new offices in Mexico and also to evaluate acquisitions as opportunities arise.

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The Company's ParaData Financial Systems subsidiary provides data processing systems to 105 separate finance companies, including the Company, and currently supports over 1,875 individual branch offices in 44 states and Mexico. ParaData's revenue is highly dependent upon its ability to attract new customers, which often requires substantial lead time, and as a result its revenue may fluctuate from year to year. Its net revenues from system sales and support amounted to $2.1 million, $2.3 million and $1.9 million in fiscal 2013, 2012 and 2011, respectively. ParaData's net revenue to the Company will continue to fluctuate on a year to year basis. ParaData continues to provide data processing support for the Company's in-house integrated computer system at a substantially reduced cost to the Company.

The Company offers an income tax return preparation and electronic filing program in all but a few of its U.S. offices. The Company prepared approximately 50,000, 44,000 and 48,000 returns in each of the fiscal years 2013, 2012 and 2011, respectively. Revenues from the Company's tax preparation business amounted to approximately $8.7 million, a 9.8% increase over the $7.9 million earned during fiscal 2012.

The following table sets forth certain information derived from the Company's consolidated statements of operations and balance sheets, as well as operating data and ratios, for the periods indicated:

	Years Ended March 31,					
	2013		2012		2011	
	(Dollars in thousands)					
Average gross loans receivable (1)	$1,072,500		965,044		860,538	
Average net loans receivable (2)	782,212		707,244		633,748	
Expenses as a percentage of total revenues:						
Provision for loan losses	19.6	%	19.6	%	19.5	%
General and administrative	48.9	%	48.3	%	48.3	%
Total interest expense	3.0	%	2.6	%	3.0	%
Operating margin (3)	31.5	%	32.2	%	32.2	%
Return on average assets	13.0	%	13.9	%	13.9	%
Offices opened and acquired, net	66		70		77	
Total offices (at period end)	1,203		1,137		1,067	

(1) Average gross loans receivable have been determined by averaging month-end gross loans receivable over the indicated period.
(2) Average net loans receivable have been determined by averaging month-end gross loans receivable less unearned interest and deferred fees over the indicated period.
(3) Operating margin is computed as total revenues less provision for loan losses and general and administrative expenses as a percentage of total revenues.

Comparison of Fiscal 2013 Versus Fiscal 2012

Net income was $104.1 million during fiscal 2013, a 3.4% increase over the $100.7 million earned during fiscal 2012 . This increase resulted primarily from an increase in operating income (revenues less provision for loan losses and general and administrative expenses) of $9.9 million, or 5.7%, partially offset by a $3.0 million increase in income tax expense.

Total revenues increased to $583.7 million in fiscal 2013, a $43.6 million, or 8.1%, increase over the $540.2 million in fiscal 2012 . Revenues from the 1,062 offices open throughout both fiscal years increased by 5.5%. At March 31, 2013, the Company had 1,203 offices in operation, an increase of 66 offices from March 31, 2012.

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Interest and fee income during fiscal 2013 increased by $39.0 million, or 8.4%, over fiscal 2012. This increase resulted from an increase of $75.0 million, or 10.6%, in average net loans receivable between the two fiscal years. The increase in average loans receivable was attributable to the Company's internal growth. During fiscal 2013, internal growth increased because the Company opened 66 new offices and the average loan balance increased from $1,056 to $1,115. In addition, the Company completed its change in interest recognition from the cash/Rule of 78's method to the accrual/actuarial method at the end of the current fiscal year. Also, as expected, the change resulted in an increase in interest and fees of approximately $2.2 million during the quarterly period. This increase in revenue was not a material difference in the expected annual earnings between the two methods, but resulted from the timing of month end, which was on a Sunday. This amount was approximately the same as the amount of recognized interest and fee income shift the Company experienced at the end of the second fiscal quarter. Now that the Company has converted to the accrual/actuarial method, there should be more consistency in earnings on a quarterly basis going forward.

Insurance commissions and other income increased by $4.5 million, or 6.2%, over the two fiscal years. Insurance commissions increased by $4.1 million, or 8.7%, as a result of the increase in loan volume in states where credit insurance is sold. Other income increased by $0.4 million, or 1.6%, when comparing the two fiscal periods.

The provision for loan losses during fiscal 2013 increased by $8.6 million, or 8.2%, from the previous year. This increase resulted from a combination of increases in both the allowance for loan losses and the amount of loans charged off. Net charge-offs for fiscal 2013 amounted to $109.0 million, a 9.8% increase over the $99.3 million charged off during fiscal 2012. Accounts that were 61 days or more past due were 2.7% and 2.5% on a recency basis, and were 4.4% and 4.0% on a contractual basis at both March 31, 2013 and March 31, 2012. During the current fiscal year, the Company has also had a reduction in year-over-year loan loss ratios. Annualized net charge-offs as a percentage of average net loans decreased from 14.0% during fiscal 2012 to 13.9% during fiscal 2013. The current year charge-off ratio of 13.9% is below historical levels, and the Company does not expect the ratio to decrease meaningfully below this level for the foreseeable future. Historically from fiscal 2002 to fiscal 2006, the charge-offs as a percent of average loans ranged from 14.6% to 14.8%. In fiscal 2007 the Company experienced a temporary decline to 13.3%, which was attributed to a change in the bankruptcy law but returned to 14.5% in fiscal 2008. In fiscal 2009 the ratio increased to 16.7%, the highest in the Company's history as a result of the difficult economic environment and higher energy costs that our customers faced, but has been declining since.

General and administrative expenses during fiscal 2013 increased to $285.7 million, or 9.6%, over the previous fiscal year. Equity-based compensation increased approximately $4.4 million in fiscal 2013 compared to fiscal 2012. Of this increase $3.8 million was due to the Compensation Committee's decision to make a larger than normal equity grant to officers and directors that will cover a period of five years, rather than awarding annual grants. The impact on expenses related to this grant will be substantial over the next several years, depending upon managements' ability to achieve certain predetermined performance goals. The remaining increase was due primarily to costs associated with the new offices opened or acquired during the fiscal year. General and administrative expenses, when divided by average open offices, increased slightly when comparing the two fiscal years and, overall, general and administrative expenses as a percent of total revenues increased to 48.9% in fiscal 2013 from 48.3% in fiscal 2012, respectively.

Interest expense increased by $3.5 million, or 25.1%, during fiscal 2013, as compared to the previous fiscal year as a result of an increase in average debt outstanding of 46.4%.

Income tax expense increased $3.0 million, or 5.1%, primarily from an increase in pre-tax income. The effective rate increased to 37.4% in fiscal 2013 from 37.0% in fiscal 2012 due to the recognition of the benefit of state refund claims that resulted in a tax benefit in the prior year.

Comparison of Fiscal 2012 Versus Fiscal 2011

Net income was $100.7 million during fiscal 2012, a 10.4% increase over the $91.2 million earned during fiscal 2011. This increase resulted primarily from an increase in operating income of $173.8 million, or 10.0%, partially offset by a $7.2 million increase in income tax expense.

Total revenues increased to $540.2 million in fiscal 2012, a $48.7 million, or 9.9%, increase over the $491.4 million in fiscal 2011. Revenues from the 988 offices open throughout both fiscal years increased by 6.8%. At March 31, 2012, the Company had 1,137 offices in operation, an increase of 70 offices from March 31, 2011.

Interest and fee income during fiscal 2012 increased by $41.9 million, or 9.9%, over fiscal 2011. This increase resulted from an increase of $73.5 million, or 11.6%, in average net loans receivable between the two fiscal years. The increase in average loans receivable was attributable to the Company’s internal growth. During fiscal 2012, internal growth increased because the Company opened 70 new offices and the average loan balance increased from $1,009 to $1,056.

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Insurance commissions and other income increased by $6.8 million, or 10.2%, over the two fiscal years. Insurance commissions increased by $5.5 million, or 13.3%, as a result of the increase in loan volume in states where credit insurance is sold. Other income increased by $1.3 million, or 5.2%, over the two years, primarily due to a $574,000 increase in World Class Buying Club sales, and a $613,000 increase in motor club product sales, and a $423,000 increase in credit accident and health. These increases were consistent with the increases in loan volumes during the year. This increase was offset by a $319,000 gain on the interest rate swap during the year.

The provision for loan losses during fiscal 2012 increased by $9.8 million, or 10.2%, from the previous year. This increase resulted from a combination of increases in both the allowance for loan losses and the amount of loans charged off. Net charge-offs for fiscal 2012 amounted to $99.3 million, a 9.7% increase over the $90.6 million charged off during fiscal 2011. Accounts that were 61 days or more past due were 2.5% and 2.4% on a recency basis, and were 4.0% and 3.8% on a contractual basis at both March 31, 2012 and March 31, 2011. During fiscal 2012, the Company also had a reduction in year-over-year loan loss ratios. Annualized net charge-offs as a percentage of average net loans decreased from 14.3% during fiscal 2011 to 14.0% during fiscal 2012.

General and administrative expenses during fiscal 2012 increased to $260.7 million, or 9.8%, over the previous fiscal year. This increase was due primarily to costs associated with the new offices opened or acquired during the fiscal year. General and administrative expenses, when divided by average open offices, increased slightly when comparing the two fiscal years and, overall, general and administrative expenses as a percent of total revenues remained relatively the same at 48.3% for fiscal 2011 and 2012.

Interest expense decreased by $874,000, or 5.9%, during fiscal 2012, as compared to the previous fiscal year. Although average debt outstanding increased by 17.1%, average interest rates decreased, which resulted in this interest expense decrease. Average interest rates decreased from 6.7% in fiscal 2011 to 5.4% in fiscal 2012.

Income tax expense increased $7.2 million, or 13.8%, primarily from an increase in pre-tax income. The effective rate increased to 37.0% in fiscal 2012 from 36.3% in fiscal 2011 due partially from an income tax settlement with the state of South Carolina for tax years March 31, 1997 through March 31, 2006, which resulted in the Company recognizing a tax benefit of approximately $900,000 in the prior year.

Critical Accounting Policies

The Company’s accounting and reporting policies are in accordance with U.S. generally accepted accounting principles and conform to general practices within the finance company industry. The significant accounting policies used in the preparation of the Consolidated Financial Statements are discussed in Note 1 to the Consolidated Financial Statements. Certain critical accounting policies involve significant judgment by the Company’s management, including the use of estimates and assumptions which affect the reported amounts of assets, liabilities, revenues, and expenses. As a result, changes in these estimates and assumptions could significantly affect the Company’s financial position and results of operations. The Company considers its policies regarding the allowance for loan losses, share-based compensation, and income taxes to be its most critical accounting policies due to the significant degree of management judgment involved.

Allowance for Loan Losses

The Company has developed policies and procedures for assessing the adequacy of the allowance for loan losses that take into consideration various assumptions and estimates with respect to the loan portfolio. The Company’s assumptions and estimates may be affected in the future by changes in economic conditions, among other factors. For additional discussion concerning the allowance for loan losses, see “Credit Quality” below.

Share-Based Compensation

The Company measures compensation cost for share-based awards at fair value and recognizes compensation over the service period for awards expected to vest. The fair value of restricted stock is based on the number of shares granted and the quoted price of our common stock at the time of grant, and the fair value of stock options is determined using the Black-Scholes valuation model. The Black-Scholes model requires the input of highly subjective assumptions, including expected volatility, risk-free interest rate and expected life, changes to which can materially affect the fair value estimate. In addition, the estimation of share-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period that the estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience. Actual results, and future changes in estimates, may differ substantially from our current estimates.

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Income Taxes

Management uses certain assumptions and estimates in determining income taxes payable or refundable, deferred income tax liabilities and assets for events recognized differently in its financial statements and income tax returns, and income tax expense. Determining these amounts requires analysis of certain transactions and interpretation of tax laws and regulations. Management exercises considerable judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets. These judgments and estimates are re-evaluated on a periodic basis as regulatory and business factors change.

No assurance can be given that either the tax returns submitted by management or the income tax reported on the Consolidated Financial Statements will not be adjusted by either adverse rulings by the U.S. Tax Court, changes in the tax code, or assessments made by the Internal Revenue Service ("IRS") or state taxing authorities. The Company is subject to potential adverse adjustments, including but not limited to: an increase in the statutory federal or state income tax rates, the permanent non-deductibility of amounts currently considered deductible either now or in future periods, and the dependency on the generation of future taxable income in order to ultimately realize deferred income tax assets.

Under FASB ASC 740, the Company includes the current and deferred tax impact of its tax positions in the financial statements when it is more likely than not (likelihood of greater than 50%) that such positions will be sustained by taxing authorities, with full knowledge of relevant information, based on the technical merits of the tax position. While the Company supports its tax positions by unambiguous tax law, prior experience with the taxing authority, and analysis that considers all relevant facts, circumstances and regulations, management must still rely on assumptions and estimates to determine the overall likelihood of success and proper quantification of a given tax position.

Credit Quality

The Company's delinquency and net charge-off ratios reflect, among other factors, changes in the mix of loans in the portfolio, the quality of receivables, the success of collection efforts, bankruptcy trends and general economic conditions.

Delinquency is computed on the basis of the date of the last full contractual payment, as the Company does not accept partial payments, on a loan (known as the recency method) and on the basis of the amount past due in accordance with original payment terms of a loan (known as the contractual method). Upon renewal, the contractual delinquency of a loan is measured based upon the terms of the new agreement, and is not impacted by the renewed loan's classification as a new loan or modification of the existing loan. Management closely monitors portfolio delinquency using both methods to measure the quality of the Company's loan portfolio and the probability of credit losses.

The following table classifies the gross loans receivable of the Company that were delinquent on a contractual basis for at least 61 days at March 31, 2013, 2012, and 2011:

	At March 31,		
	2013	2012	2011
	(Dollars in thousands)		
Contractual basis:			
61-90 days past due	$22,773	17,320	16,564
91 days or more past due	23,941	21,307	16,625
Total	$46,714	38,627	33,189
Percentage of period-end gross loans receivable	4.4 %	4.0 %	3.8 %

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In fiscal 2013 approximately 84.6% of the Company’s loans were generated through refinancings of outstanding loans and the origination of new loans to previous customers. A refinancing represents a new transaction with a present customer in which a portion of the proceeds are used to repay the balance of an existing loan and the remaining portion is advanced to the customer. For fiscal 2013, 2012, and 2011, the percentages of the Company’s loan originations that were refinancings of existing loans were 75.3%, 75.9%, and 75.9%, respectively. The Company’s refinancing policies, while limited by state regulations, in all cases consider the customer’s payment history and require that the customer has made multiple payments on the loan being considered for refinancing. A refinancing is considered a current refinancing if the customer is no more than 45 days delinquent on a contractual basis. Delinquent refinancings may be extended to customers who are more than 45 days past due on a contractual basis if the customer completes a new application and the manager believes that the customer’s ability and intent to repay has improved. It is the Company’s policy to not refinance delinquent loans in amounts greater than the original amounts financed. In all cases, a customer must complete a new application every two years. During fiscal 2013 and 2012, delinquent refinancings represented 1.4% and 1.6%, respectively, of the Company’s total loan volume.

Charge-offs, as a percentage of loans made by category, are greatest on loans made to new borrowers and less on loans made to former borrowers and refinancings. This is as expected due to the payment history experience available on repeat borrowers. However, as a percentage of total loans charged off, refinancings represent the greatest percentage due to the volume of loans made in this category. The following table depicts the charge-offs as a percent of loans made by category and as a percent of total charge-offs during fiscal 2013:

	Loan Volume by Category	Percent of Total Charge-offs	Charge-off as a Percent of Total Loans Made by Category
Refinancing	75.3 %	74.2 %	4.8 %
Former borrowers	9.3 %	5.5 %	3.5 %
New borrowers	15.4 %	20.3 %	10.6 %
	100.0 %	100.0 %	

The Company maintains an allowance for loan losses in an amount that, in management's opinion, is adequate to provide for losses inherent in the existing loan portfolio. The Company charges against current earnings, as a provision for loan losses, amounts added to the allowance to maintain it at levels expected to cover probable losses of principal. When establishing the allowance for loan losses, the Company takes into consideration the growth of the loan portfolio, current levels of charge-offs, current levels of delinquencies, and current economic factors.

The Company uses a mathematical calculation to determine the initial allowance at the end of each reporting period. The calculation originated as management's estimate of future charge-offs and is used to allocate expenses to the branch level. There are two components when calculating the allowance for loan losses, which the Company refers to as the general reserve and the specific reserve. This calculation is a starting point and over time, and as needed, additional provisions have been added as determined by management to make the allowance adequate.
The general reserve is 4.25% of the gross loan portfolio. The specific reserve represents 100% of all loans 91 or more days past due on a recency basis, including bankrupt accounts in that category. This methodology is based on historical data showing that the collection of loans 91 days or more past due and bankrupt accounts is remote.
A process is then performed to determine the adequacy of the allowance for loan losses, as well as considering trends in current levels of delinquencies, charge-off levels, and economic trends (such as energy and food prices). The primary tool used is the movement model (on a contractual and recency basis) which considers the rolling twelve months of delinquency to determine expected charge-offs. The sum of expected charge-offs, determined from the movement model (on a contractual and recency basis) plus the amount of delinquent renewals are compared to the allowance resulting from the mathematical calculation to determine if any adjustments are needed to make the

allowance adequate. Management would also determine if any adjustments are needed if the consolidated annual provision for loan losses is less than total charge-offs. Management uses a precision level of 5% of the allowance for loan losses compared to the aforementioned movement model, when determining if any adjustments are needed.

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The Company's policy is to charge off at the earlier of when such loans are deemed to be uncollectible or when six months have elapsed since the date of the last full contractual payment. However, the Company's practice is to charge off an account the earlier of when the account is deemed uncollectible or 120 days past due on a recency basis (at March 31, 2013 approximately $3.6 million were 120 days or more past due). The Company's charge-off policy and practice have been consistently applied and no changes have been made during the periods reported. The Company's historical annual charge-off rate for the past 10 years has ranged from 13.3% to 16.7% of net loans. Management considers the charge-off policy when evaluating the appropriateness of the allowance for loan losses.

To estimate the losses, the Company uses historical information for net charge-offs and average loan life. This method is based on the fact that many customers refinance their loans prior to the contractual maturity. Average contractual loan terms are approximately twelve months and the average loan life is approximately eight months. The Company had an allowance for loan losses that approximated six months of average net charge-offs at March 31, 2013, 2012, and 2011. Therefore, at each year end the Company had an allowance for loan losses that covered estimated losses for its existing loans based on historical charge-offs and average loan life.

A large percentage of loans that are charged off during any fiscal year are not on the Company's books at the beginning of the fiscal year. The Company believes that it is not appropriate to provide for losses on loans that have not been originated, that twelve months of net charge-offs are not needed in the allowance due to the average life of the loan portfolio being less than twelve months, and that the method employed is in accordance with generally accepted accounting principles.

The following is a summary of the changes in the allowance for loan losses for the years ended March 31, 2013, 2012, and 2011:

	2013	2012	2011
Balance at beginning of period	$54,507,299	48,354,994	42,896,819
Provision for loan losses	114,322,525	105,705,536	95,908,363
Loan losses	(121,514,261)	(110,373,643)	(100,044,691)
Recoveries	12,471,699	11,025,950	9,475,131
Translation adjustment	193,580	(205,538)	119,372
Balance at end of period	$59,980,842	54,507,299	48,354,994
Allowance as a percentage of loans receivable, net of unearned and deferred fees	7.7%	7.6%	7.5%
Net charge-offs as a percentage of average loans receivable [1]	13.9%	14.0%	14.3%

(1) Average loans receivable have been determined by averaging month-end gross loans receivable less unearned interest and deferred fees over the indicated period.

Quarterly Information and Seasonality

The Company's loan volume and corresponding loans receivable follow seasonal trends. The Company's highest loan demand typically occurs from October through December, its third fiscal quarter. Loan demand has generally been the lowest and loan repayment highest from January to March, its fourth fiscal quarter. Loan volume and average balances typically remain relatively level during the remainder of the year. This seasonal trend affects quarterly operating performance through corresponding fluctuations in interest and fee income and insurance commissions earned and the provision for loan losses recorded, as well as fluctuations in the Company's cash needs. Consequently, operating results for the Company's third fiscal quarter generally are significantly lower than in other quarters and operating results for its fourth fiscal quarter are significantly higher than in other quarters.

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The following table sets forth, on a quarterly basis, certain items included in the Company's unaudited Consolidated Financial Statements and shows the number of offices open during fiscal years 2013 and 2012.

	At or for the Three Months Ended							
	2013				2012			
	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,
	(Dollars in thousands)							
Total revenues	$132,836	139,398	149,640	161,844	123,156	132,139	135,946	148,921
Provision for loan losses	23,615	32,402	37,395	20,911	22,839	30,057	36,109	16,700
General and administrative expenses	69,159	66,158	74,798	75,595	64,513	61,464	66,234	68,474
Net income	22,615	22,901	20,674	37,900	20,182	23,304	19,582	37,626
Gross loans receivable	1,027,165	1,087,902	1,183,706	1,067,052	939,077	964,955	1,066,077	972,723
Number of office open	1,145	1,173	1,186	1,203	1,087	1,108	1,120	1,137

Recently Issued Accounting Pronouncements

See Part II, Item 8, Financial Statements and Supplementary Data. Note 1. Summary of Significant Accounting Policies," of the Consolidated Financial Statements for the impact of new accounting pronouncements.

Liquidity and Capital Resources

The Company has financed and continues to finance its operations, acquisitions and office expansion through a combination of cash flows from operations and borrowings from its institutional lenders. The Company has generally applied its cash flows from operations to fund its increasing loan volume, fund acquisitions, repay long-term indebtedness, and repurchase its common stock. As the Company's gross loans receivable increased from $671.2 million at March 31, 2009 to $1.1 billion at March 31, 2013, net cash provided by operating activities for fiscal years 2013, 2012 and 2011 was $232.0 million, $219.4 million and $199.8 million, respectively.

The Company's primary ongoing cash requirements relate to the funding of new offices and acquisitions, the overall growth of loans outstanding, the repayment of long-term indebtedness and the repurchase of its common stock. As of March 31, 2013, approximately 14.5 million shares have been repurchased since 1996 for an aggregate purchase price of approximately $543.3 million. During fiscal 2013 the Company repurchased 2.6 million shares for $183.0 million. On February 27, 2013, the Board of Directors authorized the Company to repurchase up to $25.0 million of the Company's common stock. This repurchase authorization follows, and is in addition to, a similar repurchase authorization of $75.0 million announced on November 19, 2012. After taking into account all shares repurchased through June 14, 2013, the Company has $29.6 million in aggregate remaining repurchase capacity under all of the company's outstanding repurchase authorizations. See Note 18 – Subsequent Events to the Consolidated Financial Statements. The Company believes stock repurchases to be a viable component of the Company's long-term financial strategy and an excellent use of excess cash when the opportunity arises. In addition, the Company plans to open approximately 50 branches in the United States, 15 branches in Mexico, and evaluate acquisition opportunities in fiscal 2014. Expenditures by the Company to open and furnish new offices generally averaged approximately

$25,000 per office during fiscal 2013. New offices have also required from $100,000 to $400,000 to fund outstanding loans receivable originated during their first 12 months of operation.

The Company acquired three offices and nine loan portfolios from competitors in seven states in twelve separate transactions during fiscal 2013. Gross loans receivable purchased in these transactions were approximately $2.6 million in the aggregate at the dates of purchase. The Company believes that attractive opportunities to acquire new offices or receivables from its competitors or to acquire offices in communities not currently served by the Company will continue to become available as conditions in local economies and the financial circumstances of owners change.

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The Company has a $680.0 million base credit facility with a syndicate of banks. The credit facility will expire on November 19, 2014. Funds borrowed under the revolving credit facility bear interest at the LIBOR rate plus 3.0% per annum with a minimum 4.0% interest rate. During the twelve months ended, March 31, 2013, the effective interest rate, including the commitment fee, on borrowings under the revolving credit facility was 4.6%. The Company pays a commitment fee equal to 0.40% per annum of the daily unused portion of the commitments unless the unused portion equals or exceeds 55% of the commitments, in which case the fee increases to 0.50% per annum. Amounts outstanding under the revolving credit facility may not exceed specified percentages of eligible loans receivable. On March 31, 2013, $400.3 million was outstanding under this facility, and there was $182.1 million of unused borrowing availability under the borrowing base limitations. The Company also has $97.6 million that may become available under the revolving credit facility if it grows the net eligible finance receivables.

The Company's revolving credit agreement contains a number of financial covenants, including minimum net worth and fixed charge coverage requirements. The credit agreement also contains certain other covenants, including covenants that impose limitations on the Company with respect to (i) declaring or paying dividends or making distributions on or acquiring common or preferred stock or warrants or options; (ii) redeeming or purchasing or prepaying principal or interest on subordinated debt; (iii) incurring additional indebtedness; and (iv) entering into a merger, consolidation or sale of substantial assets or subsidiaries. The Company was in compliance with these covenants at March 31, 2013 and does not believe that these covenants will materially limit its business and expansion strategy.

The following table summarizes the Company’s contractual cash obligations by period (in thousands):

	Fiscal Year Ended March 31,						
	2014	2015	2016	2017	2018	Thereafter	Total
Maturities of notes payable	$—	$400,250	$—	$—	$—	$—	$400,250
Interest payments	16,010	10,006	—	—	—	—	26,016
Minimum lease payments	19,762	13,272	6,744	1,939	588	—	42,305
Total	$35,772	$423,528	$6,744	$1,939	$588	$—	$468,571

The Company believes that cash flow from operations and borrowings under its revolving credit facility will be adequate for the next twelve months, and for the foreseeable future thereafter, to fund the expected cost of opening or acquiring new offices, including funding initial operating losses of new offices and funding loans receivable originated by those offices and the Company's other offices. Except as otherwise discussed in this report, including in Part 1, Item 1A, “Risk Factors,” management is not currently aware of any trends, demands, commitments, events or uncertainties that it believes will or could result in, or are or could be reasonably likely to result in, the Company’s liquidity increasing or decreasing in any material way. From time to time, the Company has needed and obtained, and expects that it will continue to need on a recurring basis, an increase in the borrowing limits under its revolving credit facility. The Company has successfully obtained such increases in the past and anticipates that it will be able to do so in the future as the need arises; however, there can be no assurance that this additional funding will be available (or available on reasonable terms) if and when needed. See Part I, Item 1A, “Risk Factors,” for a further discussion of risks and contingencies that could affect our business, financial condition and liquidity.

Share Repurchase Program

The Company's long-term profitability has demonstrated over many years our ability to grow our loan portfolio (the Company's only earning asset) and generate excess cash flow. We have and will continue to use our cash flow and excess capital to repurchase shares, assuming that the repurchased shares are accretive to earnings per share, which should provide better returns for shareholders in the future. We prefer share repurchases to dividends for several reasons. First, repurchasing shares should increase the value of the remaining shares. Second, repurchasing shares as opposed to dividends provides shareholders the option to defer taxes by electing to not sell any of their holdings. Finally, repurchasing shares provides shareholders with maximum flexibility to increase, maintain or decrease their ownership depending on their view of the value of the Company's shares, whereas a dividend does not provide this flexibility.

Since 1996, the Company has repurchased approximately 14.5 million shares for an aggregate purchase price of approximately $543.3 million. As of March 31, 2013 our debt outstanding was $400.3 million and our shareholders' equity was $366.4 million resulting in a debt-to-equity ratio of 1.1:1.0. Our first priority is to ensure we have enough capital to fund loan growth. To the extent we have excess capital we intend to continue repurchasing stock, as authorized by our Board of Directors, which is consistent with our past practice. We will continue to monitor on our debt to equity ratio and are committed to maintaining a debt level that will allow us to continue to execute on our business objectives, while not putting undue stress on our balance sheet.

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Historically, management has filed a Form 8-K with the Securities and Exchange Commission to announce any new authorization the Board of Directors has given regarding stock repurchases. Management plans to continue to make filings with the Securities and Exchange Commission or otherwise publicly announce future stock repurchase authorizations. When we have Board authorization to repurchase shares, we have historically repurchased shares in the open market and in accordance with applicable regulations regarding company repurchase programs and our own self-imposed trading policies. As mentioned above, when we have excess capital and the market price of our stock is trading at a level that is accretive to earnings per share, we anticipate that we will continue to repurchase shares.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

As of March 31, 2013, the Company's financial instruments consisted of the following: cash and cash equivalents, loans receivable, and senior notes payable. Fair value approximates carrying value for all of these instruments. Loans receivable are originated at prevailing market rates and have an average life of approximately eight months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's outstanding debt under its revolving credit facility was $400.3 million at March 31, 2013. Interest on borrowings under this facility is based, at the Company's option, on the prime rate or LIBOR plus 3.0%, with a minimum rate of 4.0%.

Based on the outstanding balance at March 31, 2013, a change of 1% in the LIBOR interest rate would cause a change in interest expense of approximately $0.8 million on an annual basis.

Foreign Currency Exchange Rate Risk

In September 2005 the Company began opening offices in Mexico, where its local businesses utilize the Mexican peso as their functional currency. The Consolidated Financial Statements of the Company are denominated in U.S. dollars and are therefore subject to fluctuation as the U.S. dollar and Mexican peso foreign exchange rates change. Revenues from our non-U.S. operations accounted for approximately 7.0% and 6.6% of total revenues during the twelve month periods ended March 31, 2013 and 2012, respectively. There have been, and there may continue to be, period-to-period fluctuations in the relative portions of our international revenues to total consolidated revenues.

Our international operations are subject to risks, including but not limited to differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility when compared to the United States. Accordingly, our future consolidated financial position as well as our consolidated results of operations results could be adversely affected by changes in these or other factors. Foreign exchange rate fluctuations may adversely impact our financial position as the assets and liabilities of our foreign operations are translated into U.S. dollars in preparing our consolidated balance sheet. Our exposure to foreign exchange rate fluctuations arises in part from balances in our intercompany accounts included on our subsidiary balance sheets. These intercompany accounts are denominated in the functional currency of the foreign subsidiaries and are translated to U.S. dollars at each reporting period end. Additionally, foreign exchange rate fluctuations may impact our consolidated results from operations as exchange rate fluctuations will impact the amounts reported in our consolidated statement of income. The effect of foreign exchange rate fluctuations on our consolidated financial position is recognized within shareholders' equity through accumulated other comprehensive income (loss). The net translation adjustment for the twelve months ended March 31, 2013 was a gain of approximately $2.3 million. The Company's foreign currency exchange rate exposures may change over time as business practices evolve and could have a material effect on the Company's financial results. The Company will continue to monitor and assess the effect of foreign currency fluctuations and may institute hedging strategies.

The Company performs a foreign exchange sensitivity analysis on a quarterly basis which assumes a hypothetical 10% increase and decrease in the value of the U.S. dollar relative to the Mexican peso. The foreign exchange risk sensitivity of both net loans receivable and consolidated net income is assessed using hypothetical scenarios and assumes that earnings in Mexican pesos are recognized evenly throughout a period. The actual results may differ from the results noted in the tables below particularly due to assumptions utilized or if events occur that were not included in the method used.

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The foreign exchange risk sensitivity of net loans denominated in Mexican pesos and translated into U.S. dollars, which were approximately $50.8 million and $37.5 million at March 31, 2013 and 2012, respectively, on the reported net loans receivable amount is summarized in the following table:

Foreign Exchange Sensitivity Analysis of Loans Receivable, Net of Unearned Amounts

	As of March 31, 2013					
Foreign exchange spot rate, US Dollars to Mexican Pesos	(10	)%	0	%	10	%
Loans receivable, net of unearned	$777,475,815		$782,095,568		$787,741,943	
% change from base amount	(0.59	)%	—		0.72	%
$ change from base amount	$(4,619,753	)	$—		$5,646,375	
	As of March 31, 2012					
Foreign exchange spot rate, US Dollars to Mexican Pesos	(10	)%	0	%	10	%
Loans receivable, net of unearned	$711,680,007		$715,084,945		$719,246,561	
% change from base amount	(0.48	)%	—		0.58	%
$ change from base amount	$(3,404,938	)	$—		$4,161,616	

The following table summarizes the results of the foreign exchange risk sensitivity analysis on reported net income as of the dates indicated below:

Foreign Exchange Sensitivity Analysis of Net Income

	As of March 31, 2013					
Foreign exchange spot rate, US Dollars to Mexican Pesos	(10	)%	0	%	10	%
Net Income	$103,782,597		$104,089,748		$104,465,158	
% change from base amount	(0.30	)%	—		0.36	%
$ change from base amount	$(307,151	)	$—		$375,410	
	As of March 31, 2012					
Foreign exchange spot rate, US Dollars to Mexican Pesos	(10	)%	0	%	10	%
Net Income	$100,419,795		$100,694,443		$101,030,127	
% change from base amount	(0.27	)%	—		0.33	%
$ change from base amount	$(274,648	)	$—		$335,684	

Inflation

The Company does not believe that inflation, within reasonably anticipated rates, will have a material adverse effect on its financial condition. Although inflation would increase the Company’s operating costs in absolute terms, the Company expects that the same decrease in the value of money would result in an increase in the size of loans demanded by its customer base. It is reasonable to anticipate that such a change in customer preference would result in an increase in total loan receivables and an increase in absolute revenues to be generated from that larger amount of loans receivable. The Company believes that this increase in absolute revenues should offset any increase in operating costs. In addition, because the Company’s loans have a relatively short contractual term and average life, it is unlikely that loans made at any given point in time will be repaid with significantly inflated dollars.

Legal Matters

From time to time the Company is involved in routine litigation relating to claims arising out of its operations in the normal course of business. See Part I, Item 3, “Legal Proceedings” and Note 17 to our audited Consolidated Financial Statements for further discussion of legal matters.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

“Management’s Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures about Market Risk” of this report is incorporated by reference in response to this Item 7A.

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Part II
Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEETS

	March 31, 2013	2012
ASSETS		
Cash and cash equivalents	$11,625,365	10,768,176
Gross loans receivable	1,067,051,763	972,722,764
Less:		
Unearned interest and fees	(284,956,195)	(257,637,819)
Allowance for loan losses	(59,980,842)	(54,507,299)
Loans receivable, net	722,114,726	660,577,646
Property and equipment, net	23,935,439	23,485,435
Deferred income taxes	29,415,996	18,473,998
Other assets, net	11,712,319	10,527,420
Goodwill	5,896,288	5,690,934
Intangible assets, net	4,624,832	5,479,490
Total assets	$809,324,965	735,003,099
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities:		
Senior notes payable	400,250,000	229,250,000
Junior subordinated note payable	—	50,000,000
Income taxes payable	13,941,632	11,528,236
Accounts payable and accrued expenses	28,737,074	25,349,850
Total liabilities	442,928,706	316,128,086
Shareholders' equity:		
Preferred stock, no par value Authorized 5,000,000, no shares issued or outstanding	—	—
Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 12,171,075 and 13,898,265 shares at March 31, 2013 and March 31, 2012, respectively	—	—
Additional paid-in capital	89,789,789	65,630,753
Retained earnings	277,024,787	355,980,694
Accumulated other comprehensive (loss)/income	(418,317)	(2,736,434)
Total shareholders' equity	366,396,259	418,875,013
Commitments and contingencies		
Total liabilities and shareholders' equity	$809,324,965	735,003,099

See accompanying notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended March 31,		
	2013	2012	2011
Revenues:			
Interest and fee income	$505,495,331	466,481,109	424,594,245
Insurance commissions and other income	78,222,382	73,680,573	66,850,858
Total revenues	583,717,713	540,161,682	491,445,103
Expenses:			
Provision for loan losses	114,322,525	105,705,536	95,908,363
General and administrative expenses:			
Personnel	194,422,717	175,402,913	159,160,492
Occupancy and equipment	36,278,134	33,864,579	31,115,076
Advertising	14,849,980	14,228,002	13,056,444
Amortization of intangible assets	1,365,473	1,698,241	1,949,444
Other	38,794,090	35,490,422	32,233,478
Total general and administrative expenses	285,710,394	260,684,157	237,514,934
Interest expense	17,393,963	13,898,648	14,772,694
Total expenses	417,426,882	380,288,341	348,195,991
Income before income taxes	166,290,831	159,873,341	143,249,112
Income taxes	62,201,083	59,178,898	51,999,932
Net income	$104,089,748	100,694,443	91,249,180
Net income per common share:			
Basic	$8.04	6.75	5.76
Diluted	$7.88	6.59	5.63
Weighted average common shares outstanding:			
Basic	12,940,007	14,906,662	15,833,983
Diluted	13,214,271	15,289,111	16,210,233

See accompanying notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended March 31,		
	2013	2012	2011
Net income	$104,089,748	100,694,443	91,249,180
Foreign currency translation adjustments	2,318,117	(2,872,633)	1,480,635
Comprehensive income	$106,407,865	97,821,810	92,729,815

See accompanying notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), net	Total Shareholders' Equity
Balances at March 31, 2010	$27,112,822	357,179,568	(1,344,436)	382,947,954
Proceeds from exercise of stock options (447,250 shares), including tax benefits of $1,923,628	13,806,260	—	—	13,806,260
Common stock repurchases (1,298,057 shares)	—	(53,342,516)	—	(53,342,516)
Issuance of restricted common stock under stock option plan (54,951 shares)	1,485,359	—	—	1,485,359
Stock option expense	3,855,348	—	—	3,855,348
Repurchase and cancellation of convertible notes	1,092,949			1,092,949
Other comprehensive income	—	—	1,480,635	1,480,635
Net income	—	91,249,180	—	91,249,180
Balances at March 31, 2011	$47,352,738	395,086,232	136,199	442,575,169
Proceeds from exercise of stock options (324,140 shares), including tax benefits of $2,072,030	11,660,188	—	—	11,660,188
Common stock repurchases (2,181,045 shares)	—	(139,799,981)	—	(139,799,981)
Issuance of restricted common stock under stock option plan (60,416 shares)	1,750,596	—	—	1,750,596
Stock option expense	4,867,231	—	—	4,867,231
Other comprehensive income	—	—	(2,872,633)	(2,872,633)
Net income	—	100,694,443	—	100,694,443
Balances at March 31, 2012	$65,630,753	355,980,694	(2,736,434)	418,875,013
Proceeds from exercise of stock options (332,665 shares), including tax benefits of $3,049,108	12,993,709	—	—	12,993,709
Common stock repurchases (2,569,597 shares)	—	(183,045,655)	—	(183,045,655)
Issuance of restricted common stock under stock option plan (524,500 shares)	3,842,674	—	—	3,842,674
Stock option expense	7,322,653	—	—	7,322,653
Other comprehensive income	—		2,318,117	2,318,117
Net income	—	104,089,748	—	104,089,748
Balances at March 31, 2013	$89,789,789	277,024,787	(418,317)	366,396,259

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31,		
	2013	2012	2011
Cash flow from operating activities:			
Net income	$104,089,748	100,694,443	91,249,180
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of intangible assets	1,365,473	1,698,241	1,949,444
Amortization of loan costs and discounts	612,021	311,624	441,895
Provision for loan losses	114,322,525	105,705,536	95,908,363
Amortization of convertible note discount	—	1,819,600	3,688,359
Depreciation	6,442,292	6,493,817	6,172,747
Deferred income tax benefit	(10,941,998)	(3,993,974)	(2,837,480)
Compensation related to stock option and restricted stock plans	11,165,327	6,617,827	5,340,707
Unrealized gains on interest rate swap	—	(319,235)	(1,017,032)
Change in accounts:			
Other assets, net	(811,921)	(490,705)	1,017,199
Income taxes payable	2,413,396	(1,575,266)	(947,074)
Accounts payable and accrued expenses	3,387,226	2,439,394	(1,130,438)
Net cash provided by operating activities	232,044,089	219,401,302	199,835,870
Cash flows from investing activities:			
Increase in loans receivable, net	(171,985,755)	(167,224,562)	(161,275,485)
Net assets acquired from office acquisitions, primarily loans	(1,951,646)	(3,383,421)	(2,977,729)
Increase in intangible assets from acquisitions	(716,169)	(869,189)	(746,666)
Purchases of property and equipment, net	(6,884,296)	(6,855,688)	(6,394,287)
Net cash used in investing activities	(181,537,866)	(178,332,860)	(171,394,167)
Cash flow from financing activities:			
Borrowings from lines of credit	443,515,466	405,020,000	293,895,000
Payments on lines of credit	(272,515,466)	(258,020,000)	(310,795,000)
Repayment of convertible senior subordinated notes	—	(77,000,000)	—
(Payments on)/proceeds from junior subordinated note payable	(50,000,000)	20,000,000	30,000,000
Loan cost associated with junior subordinated note payable	—	—	(629,048)
Loan cost associated with revolving line of credit	(985,000)	—	—
Proceeds from sale of the call option and warrants associated with the convertible notes	—	—	1,092,949
Proceeds from exercise of stock options	9,944,601	9,588,160	11,882,632
Repurchase of common stock	(183,045,655)	(139,799,981)	(53,342,516)
Excess tax benefit from exercise of stock options	3,049,108	2,072,030	1,923,628
Net cash used in financing activities	(50,036,946)	(38,139,791)	(25,972,355)
(Decrease) increase in cash and cash equivalents	469,277	2,928,651	2,469,348

Effects of foreign currency fluctuations on cash	387,912	(191,055)	116,064
Cash and cash equivalents at beginning of period	10,768,176	8,030,580	5,445,168
Cash and cash equivalents at end of period	$11,625,365	10,768,176	8,030,580

See accompanying notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The Company's accounting and reporting policies are in accordance with U.S. generally accepted accounting principles and conform to general practices within the finance company industry. The following is a description of the more significant of these policies used in preparing the Consolidated Financial Statements.

Nature of Operations

The Company is a small-loan consumer finance company headquartered in Greenville, South Carolina, that offers short-term small loans, medium-term larger loans, related credit insurance products and ancillary products and services to individuals who have limited access to other sources of consumer credit. It also offers income tax return preparation services to its customer base and to others.

The Company also markets computer software and related services to financial services companies through its ParaData Financial Systems ("ParaData") subsidiary.

As of March 31, 2013, the Company operated 1,084 offices in South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, Alabama, Wisconsin, and Indiana. The Company also operated 119 offices in Mexico. The Company is subject to numerous lending regulations that vary by jurisdiction.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of World Acceptance Corporation and its wholly owned subsidiaries (the "Company"). Subsidiaries consist of operating entities in various states and Mexico, ParaData (a software company acquired during fiscal 1994), WAC Insurance Company, Ltd. (a captive reinsurance company established in fiscal 1994) and Servicios World Acceptance Corporation de Mexico (a service company established in fiscal 2006). All significant intercompany balances and transactions have been eliminated in consolidation.

The financial statements of the Company's foreign subsidiaries in Mexico are prepared using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated into U.S. dollars at the current exchange rate while income and expense are translated at an average exchange rate for the period. The resulting translation gains and losses are recognized as a component of equity in "Accumulated other comprehensive (loss)/income."

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant item subject to such estimates and assumptions that could materially change in the near term is the allowance for loan losses. Actual results could differ from those estimates.

Reclassification

Certain prior period amounts have been reclassified to conform to the current presentation. Such reclassifications had no impact on previously reported net income or shareholders' equity. During the current year the Company reclassed net borrowings and payments from lines of credit to show the gross borrowings and the gross payments from lines of credit on the Consolidated Statements of Cash Flows. The reclass did not impact the Consolidated Statements of

Operations nor the Consolidated Statements of Shareholders Equity.

Business Segments

The Company reports operating segments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. FASB ASC Topic 280 requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way that the operating segments were determined and other items.

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The Company has one reportable segment, which is the consumer finance company. The other revenue generating activities of the Company, including the sale of insurance products, income tax preparation, buying club and the automobile club, are done in the existing branch network in conjunction with or as a complement to the lending operation. There is no discrete financial information available for these activities and they do not meet the criteria under FASB ASC Topic 280 to be reported separately.

ParaData provides data processing systems to 105 separate finance companies, including the Company. At March 31, 2013 and 2012, ParaData had total assets of $0.9 million and $1.0 million, which represented less than 1% of total consolidated assets at each fiscal year end. Total net revenues (system sales and support) for ParaData for the years ended March 31, 2013, 2012 and 2011 were $2.1 million, $2.3 million and $1.9 million, respectively, which represented less than 1% of consolidated revenue for each year. Although ParaData is an operating segment under FASB ASC Topic 280, it does not meet the criteria to require separate disclosure.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less from the date of original issuance to be cash equivalents.

Loans and Interest Income

The Company is licensed to originate consumer loans in the states of Georgia, South Carolina, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, Alabama, Wisconsin, and Indiana. In addition, the Company also originates consumer loans in Mexico. During fiscal 2013 and 2012, the Company originated loans generally ranging up to $4,000, with terms of 44 months or less. Experience indicates that a majority of the consumer loans are refinanced, and the Company accounts for the refinancing as a new loan. Generally a customer must make multiple payments in order to qualify for refinancing. Furthermore, the Company's lending policy has predetermined lending amounts, so that in most cases a refinancing will result in advancing additional funds. The Company believes that the advancement of additional funds constitutes more than a minor modification to the terms of the existing loan if the present value of the cash flows under the terms of the new loan will be 10% or more of the present value of the remaining cash flows under the terms of the original loan.

Fees received and direct costs incurred for the origination of loans are deferred and amortized to interest income over the contractual lives of the loans. Unamortized amounts are recognized in income at the time that loans are refinanced or paid in full.

Loans are carried at the gross amount outstanding, reduced by unearned interest and insurance income, net of deferred origination fees and direct costs, and an allowance for loan losses. For the fiscal years ended March 31, 2012 and 2011, the Company recognized interest revenue on its loans using the rule of 78s, and the collection method, which is a cash method of recognizing the revenue. The combination of using the rule of 78s and the cash collections method to recognize interest revenue approximated the actuarial accrual method required by U.S. generally accepted accounting principles. As of March 31, 2013, the Company converted to the actuarial accrual method for recognizing the revenue.

Charges for late payments are credited to income when collected.

The Company generally offers its loans at the prevailing statutory rates for terms not to exceed 44 months. Management believes that the carrying value approximates the fair value of its loan portfolio.

Nonaccrual Policy

The accrual of interest is discontinued when a loan is 60 days past the contractual due date. When the interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. While a loan is on nonaccrual status, no interest revenue is recognized.

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Allowance for Loan Losses

The Company maintains an allowance for loan losses in an amount that, in management's opinion, is adequate to provide for losses inherent in the existing loan portfolio. The Company charges against current earnings, as a provision for loan losses, amounts added to the allowance to maintain it at levels expected to cover probable losses of principal. When establishing the allowance for loan losses, the Company takes into consideration the growth of the loan portfolio, current levels of charge-offs, current levels of delinquencies, and current economic factors.
The Company uses a mathematical calculation to determine the initial allowance at the end of each reporting period. The calculation originated as management's estimate of future charge-offs and is used to allocate expenses to the branch level. There are two components when calculating the allowance for loan losses, which the Company refers to as the general reserve and the specific reserve. This calculation is a starting point and over time, and as needed, additional provisions have been added as determined by management to make the allowance adequate.
The general reserve is 4.25% of the gross loan portfolio. The specific reserve represents 100% of all loans 91 or more days past due on a recency basis, including bankrupt accounts in that category. This methodology is based on historical data showing that the collection of loans 91 days or more past due and bankrupt accounts is remote.
A process is then performed to determine the adequacy of the allowance for loan losses, as well as considering trends in current levels of delinquencies, charge-off levels, and economic trends (such as energy and food prices). The primary tool used is the movement model (on a contractual and recency basis) which considers the rolling twelve months of delinquency to determine expected charge-offs. The sum of expected charge-offs, determined from the movement model (on a contractual and recency basis) plus the amount of delinquent renewals are compared to the allowance resulting from the mathematical calculation to determine if any adjustments are needed to make the allowance adequate. Management would also determine if any adjustments are needed if the consolidated annual provision for loan losses is less than total charge-offs. Management uses a precision level of 5% of the allowance for loan losses compared to the aforementioned movement model, when determining if any adjustments are needed.
The Company's policy is to charge off at the earlier of when such loans are deemed to be uncollectible or when six months have elapsed since the date of the last full contractual payment. However, the Company's practice is to charge off an account the earlier of when the account is deemed uncollectible or 120 days past due on a recency basis. The Company's charge-off policy and practice have been consistently applied and no changes have been made during the periods reported. The Company's historical annual charge-off rate for the past 10 years has ranged from 13.3% to 16.7% of net loans. Management considers the charge-off policy when evaluating the appropriateness of the allowance for loan losses.

FASB ASC Topic 310 prohibits carryover or creation of valuation allowances in the initial accounting of all loans acquired in a transfer that are within the scope of this authoritative literature. The Company believes that loans acquired since the adoption of FASB ASC Topic 310 have not shown evidence of deterioration of credit quality since origination, and therefore, are not within the scope of FASB ASC Topic 310. Therefore, the Company records acquired loans (not within the scope of FASB ASC Topic 310) at fair value.

Impaired Loans

The Company defines impaired loans as bankrupt accounts and accounts 90 days or more past due. In accordance with the Company’s charge-off policy, once a loan is deemed uncollectible, 100% of the net investment is charged-off, except in the case of a borrower who has filed for bankruptcy. As of March 31, 2013, bankrupt accounts that had not been charged-off were approximately $5.9 million. Bankrupt accounts 91 days or more past due are reserved 100%. The Company also considers accounts 91 days or more past due as impaired and the accounts are reserved 100%.

Additional requirements from ASU 2010-20 about the credit quality of the Company’s receivables are disclosed in Note 2.

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Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is recorded using the straight-line method over the estimated useful life of the related asset as follows: building, 40 years; furniture and fixtures, 5 to 10 years; equipment, 3 to 7 years; and vehicles, 3 years. Amortization of leasehold improvements is recorded using the straight-line method over the lesser of the estimated useful life of the asset or the term of the lease. Additions to premises and equipment and major replacements or improvements are added at cost. Maintenance, repairs, and minor replacements are charged to operating expense as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated statement of operations.

Operating Leases

The Company's office leases typically have a lease term of three to five years and contain lessee renewal options and cancellation clauses in the event of regulatory changes. The Company typically renews its leases for one or more option periods. Accordingly, the Company amortizes its leasehold improvements over the shorter of their economic lives, which are generally five years, or the lease term that considers renewal periods that are reasonably assured.

Other Assets

Other assets include cash surrender value of life insurance policies, prepaid expenses, debt issuance costs and other deposits.

Derivatives and Hedging Activities

The Company has used interest rate swaps and foreign currency options to economically hedge the variable cash flows and currency fluctuations, respectively. Interest rate swap agreements were carried at fair value. Changes to fair value were recorded each period as a component of the consolidated statement of operations. See Note 7 for further discussion related to the interest rate swaps. As of March 31, 2013 and 2012, the Company did not have any foreign currency options outstanding. As of March 31, 2013, the Company did not have any interest rate swaps outstanding.

Intangible Assets and Goodwill

Intangible assets include the cost of acquiring existing customers, and the fair value assigned to non-compete agreements. Customer lists are amortized on a straight line or accelerated basis over their estimated period of benefit, ranging from 5 to 20 years with a weighted average of approximately 11 years. Non-compete agreements are amortized on a straight line basis over the term of the agreement.

The Company evaluates goodwill annually for impairment in the fourth quarter of the fiscal year using the market value-based approach. The Company has one reporting unit, the consumer finance company, and the Company has multiple components, the lowest level of which is individual offices. The Company's components are aggregated for impairment testing because they have similar economic characteristics. The Company writes off goodwill when it closes an office that has goodwill assigned to it. As of March 31, 2013, the Company had 89 offices with recorded goodwill.

Impairment of Long-Lived Assets

The Company assesses impairment of long-lived assets, including property and equipment and intangible assets, whenever changes or events indicate that the carrying amount may not be recoverable. The Company assesses impairment of these assets generally at the office level based on the operating cash flows of the office and the Company's plans for office closings. The Company will write down such assets to fair value if, based on an analysis, the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets. The Company recorded an immaterial impairment charge of approximately $25,000 for the fiscal year ended 2011 and did not record any impairment charges for the fiscal year ended 2013 or 2012.

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Fair Value of Financial Instruments

FASB ASC Topic 825 requires disclosures about the fair value of all financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. The Company's financial instruments for the periods reported consist of the following: cash and cash equivalents, loans receivable, senior notes payable and junior subordinated notes payable. Fair value approximates carrying value for all of these instruments. Loans receivable are originated at prevailing market rates and have an average life of approximately eight months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's revolving credit facility and junior subordinated note payable have a variable rate based on a margin over LIBOR and reprice with any changes in LIBOR.

Insurance Premiums

Insurance premiums for credit life, accident and health, property and unemployment insurance written in connection with certain loans, net of refunds and applicable advance insurance commissions retained by the Company, are remitted monthly to an insurance company. All commissions are credited to unearned insurance commissions and recognized as income over the life of the related insurance contracts using a method similar to that used for the recognition of interest and fee income.

Non-filing Insurance

Non-filing insurance premiums are charged on certain loans in lieu of recording and perfecting the Company's security interest in the assets pledged. The premiums and recoveries are remitted to a third party insurance company and are not reflected in the accompanying Consolidated Financial Statements (See Note 9). Claims paid by the third party insurance company result in a reduction to loan losses.

Certain losses related to such loans, which are not recoverable through life, accident and health, property, or unemployment insurance claims are reimbursed through non-filing insurance claims subject to policy limitations. Any remaining losses are charged to the allowance for loan losses.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Supplemental Cash Flow Information

For the years ended March 31, 2013, 2012, and 2011, the Company paid interest of $16,028,399, $11,076,970 and $9,840,627, respectively.

For the years ended March 31, 2013, 2012, and 2011, the Company paid income taxes of $66,921,031, $60,760,661 and $50,487,423, respectively.

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Earnings Per Share

Earnings per share (“EPS”) are computed in accordance with FASB ASC Topic 260. Basic EPS includes no dilution and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings of the Company. Potential common stock included in the diluted EPS computation consists of stock options, restricted stock and warrants, which are computed using the treasury stock method. Potential common stock related to the Company's formerly outstanding convertible senior notes are included in the diluted EPS computation using the method prescribed by FASB ASC Topic 260-10-45. See Note 12 for the reconciliation of the numerators and denominators for basic and dilutive EPS calculations.

Stock-Based Compensation

FASB ASC Topic 718-10 requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. FASB ASC Topic 718-10 does not change the accounting guidance for share-based payment transactions with parties other than employees provided in FASB ASC Topic 718-10. Under FASB ASC Topic 718-10, the way an award is classified will affect the measurement of compensation cost. Liability-classified awards are remeasured to fair value at each balance-sheet date until the award is settled. Equity-classified awards are measured at grant-date fair value, amortized over the subsequent vesting period, and are not subsequently remeasured. The fair value of non-vested stock awards for the purposes of recognizing stock-based compensation expense is the market price of the stock on the grant date. The fair value of options is estimated on the grant date using the Black-Scholes option pricing model (see Note 13).

At March 31, 2013, the Company had several share-based employee compensation plans, which are described more fully in Note 13. The Company uses the modified prospective transition method in accordance with FASB ASC Topic 718. Under this method of transition, compensation cost recognized during fiscal years 2011, 2012, and 2013 was based on the grant-date fair value estimated in accordance with the provisions of FASB ASC Topic 718. Since this compensation cost is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. FASB ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company has elected to expense grants of awards with graded vesting on a straight-line basis over the requisite service period for each separately vesting portion of the award.

Comprehensive Income

Total comprehensive income consists of net income and other comprehensive income (loss). The Company’s other comprehensive income (loss) and accumulated other comprehensive income (loss) are comprised of foreign currency translation adjustments.

Concentration of Risk

During the year ended March 31, 2013, the Company operated in 13 states in the United States as well as in Mexico. For the years ended March 31, 2013, 2012 and 2011, total revenues within the Company's four largest states (measured by total revenues) accounted for approximately 56%, 56% and 57%, respectively, of the Company's total revenues.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs were approximately $14.8 million, $14.2 million and $13.1 million for fiscal years 2013, 2012 and 2011, respectively.

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New Accounting Pronouncements Adopted

Fair Value Measurement

In May 2011, the FASB issued an accounting pronouncement (ASU 2011-04) related to fair value measurement (FASB ASC Topic 820), which amends current guidance to achieve common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. The amendments generally represent clarification of FASB ASC Topic 820, but also include instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company adopted this pronouncement for our fiscal year beginning April 1, 2012. The adoption did not have a material effect on our Consolidated Financial Statements.

Comprehensive Income

ASU 2011-05, “Comprehensive Income (Topic 220) — Presentation of Comprehensive Income” (“ASU 2011-05”) amends Topic 220, “Comprehensive Income,” to require that all non-owner changes in stockholders’ equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. Additionally, ASU 2011-05 requires entities to present, on the face of the financial statements, reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement or statements where the components of net income and the components of other comprehensive income are presented. The option to present components of other comprehensive income as part of the statement of changes in stockholders’ equity was eliminated. ASU 2011-05 is effective for annual and interim periods beginning after December 15, 2011; however certain provisions related to the presentation of reclassification adjustments have been deferred by ASU 2011-12 “Comprehensive Income (Topic 820) — Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.” ASU 2011-05 is not expected to have a significant impact on our financial statements. The Company adopted this pronouncement for our annual and interim reporting beginning April 1, 2012.

Testing Goodwill for Impairment

ASU 2011-08, “Testing Goodwill for Impairment,” permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit’s fair value is less than its carrying amount before applying the two-step goodwill impairment test. If an entity concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it need not perform the two-step impairment test. The ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The adoption did not have any impact on the Company’s Consolidated Financial Statements. The Company adopted this pronouncement for our fiscal year beginning April 1, 2012.

Accounting Standards to be Adopted

We reviewed significant newly issued accounting pronouncements and concluded that they are either not applicable to our business or that no material effect is expected on the financial statements as a result of future adoption.

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(2) Allowance for Loan Losses and Credit Quality Indicators

The following is a summary of the changes in the allowance for loan losses for the years ended March 31, 2013, 2012, and 2011:

	2013	2012	2011
Balance at beginning of period	$54,507,299	48,354,994	42,896,819
Provision for loan losses	114,322,525	105,705,536	95,908,363
Loan losses	(121,514,261)	(110,373,643)	(100,044,691)
Recoveries	12,471,699	11,025,950	9,475,131
Translation adjustment	193,580	(205,538)	119,372
Balance at end of period	$59,980,842	54,507,299	48,354,994

The following is a summary of loans individually and collectively evaluated for impairment for the period indicated:

March 31, 2013	Loans individually evaluated for impairment (impaired loans)	Loans collectively evaluated for impairment	Total
Bankruptcy, gross loans	$5,910,206	—	5,910,206
91 days or more delinquent, excluding bankruptcy	23,536,170	—	23,536,170
Loans less than 91 days delinquent and not in bankruptcy	—	1,037,605,387	1,037,605,387
Gross loan balance	29,446,376	1,037,605,387	1,067,051,763
Unearned interest and fees	(6,036,018)	(278,920,177)	(284,956,195)
Net loans	23,410,358	758,685,210	782,095,568
Allowance for loan losses	(23,410,358)	(36,570,484)	(59,980,842)
Loans, net of allowance for loan losses	$—	722,114,726	722,114,726

March 31, 2012	Loans individually evaluated for impairment (impaired loans)	Loans collectively evaluated for impairment	Total
Bankruptcy, gross loans	$5,646,956	—	5,646,956
91 days or more delinquent, excluding bankruptcy	20,882,907	—	20,882,907
Loans less than 91 days delinquent and not in bankruptcy	—	946,192,901	946,192,901
Gross loan balance	26,529,863	946,192,901	972,722,764
Unearned interest and fees	(7,085,222)	(250,552,597)	(257,637,819)
Net loans	19,444,641	695,640,304	715,084,945
Allowance for loan losses	(19,444,641)	(35,062,658)	(54,507,299)
Loans, net of allowance for loan losses	$—	660,577,646	660,577,646

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March 31, 2011	Loans individually evaluated for impairment (impaired loans)	Loans collectively evaluated for impairment	Total
Bankruptcy, gross loans	$4,810,026	—	4,810,026
91 days or more delinquent, excluding bankruptcy	16,236,862	—	16,236,862
Loans less than 91 days delinquent and not in bankruptcy	—	853,998,792	853,998,792
Gross loan balance	21,046,888	853,998,792	875,045,680
Unearned interest and fees	(3,649,341)	(225,324,791)	(228,974,132)
Net loans	17,397,547	628,674,001	646,071,548
Allowance for loan losses	(16,829,496)	(31,525,498)	(48,354,994)
Loans, net of allowance for loan losses	$568,051	597,148,503	597,716,554

The following is an assessment of the credit quality for the period indicated:

	March 31, 2013	March 31, 2012
Credit risk		
Consumer loans- non-bankrupt accounts	$1,061,141,557	967,075,808
Consumer loans- bankrupt accounts	5,910,206	5,646,956
Total gross loans	$1,067,051,763	972,722,764
Consumer credit exposure		
Credit risk profile based on payment activity, performing	$1,020,337,490	934,095,598
Contractual non-performing, 61 or more days delinquent	46,714,273	38,627,166
Total gross loans	$1,067,051,763	972,722,764
Delinquent renewals	$19,799,064	21,013,742
Credit risk profile based on customer type		
New borrower	$130,897,466	110,362,853
Former borrower	90,281,773	79,712,646
Refinance	826,073,460	761,633,523
Delinquent refinance	19,799,064	21,013,742
Total gross loans	$1,067,051,763	972,722,764

The following is a summary of the past due receivables as of:

	March 31, 2013	March 31, 2012	March 31, 2011
Contractual basis:			
30-60 days past due	$37,674,267	24,853,508	23,705,287
61-90 days past due	22,773,063	17,320,264	16,564,121
91 days or more past due	23,941,210	21,306,902	16,625,070
Total	$84,388,540	63,480,674	56,894,478
Percentage of period-end gross loans receivable	7.9 %	6.5 %	6.5 %

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(3) Property and Equipment

Property and equipment consist of:

	March 31, 2013	March 31, 2012
Land	$250,443	250,443
Building and leasehold improvements	17,380,828	15,907,910
Furniture and equipment	38,643,075	35,362,686
	56,274,346	51,521,039
Less accumulated depreciation and amortization	(32,338,907)	(28,035,604)
Total	$23,935,439	23,485,435

Depreciation expense was approximately $6.4 million, $6.5 million and $6.2 million for the years ended March 31, 2013, 2012 and 2011, respectively.

(4) Intangible Assets

The following table provides the gross carrying amount and related accumulated amortization of definite-lived intangible assets:

	March 31, 2013		March 31, 2012	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Cost of acquiring existing customers	$22,079,607	(17,650,898)	$21,628,792	(16,366,708)
Value assigned to non-compete agreements	8,289,643	(8,093,520)	8,229,643	(8,012,237)
Total	$30,369,250	(25,744,418)	$29,858,435	(24,378,945)

The estimated amortization expense for intangible assets for future years ended March 31 is as follows: $1.0 million for 2014; $0.7 million for 2015; $0.5 million for 2016; $0.4 million for 2017; $0.3 million for 2018; and an aggregate of $1.7 million for the years thereafter.

(5) Goodwill

The following summarizes the changes in the carrying amount of goodwill for the year ended March 31, 2013 and 2012:

	2013	2012
Balance at beginning of year		
Goodwill	$5,716,327	5,659,979
Accumulated goodwill impairment losses	(25,393)	(25,393)
	$5,690,934	5,634,586
Goodwill acquired during the year	$205,354	56,348
Impairment losses	—	—
Balance at end of year		
Goodwill	$5,921,681	5,716,327
Accumulated goodwill impairment losses	(25,393)	(25,393)
Total	$5,896,288	5,690,934

The Company performed an annual impairment test during the fourth quarter of fiscal 2013 and 2012, and determined that none of the recorded goodwill was impaired.

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(6) Notes Payable

Senior Notes Payable $680,000,000 Revolving Credit Facility

This facility provides for borrowings of up to $680.0 million with $400.3 million outstanding at March 31, 2013. Subject to a borrowing base formula, the Company may borrow at the rate of LIBOR plus 3.0% with a minimum of 4.0%. At March 31, 2013 and March 31, 2012, the Company's effective interest rate, including the commitment fee, was 4.6% and 5.4%, respectively, and the unused amount available under the revolver at March 31, 2013 was $182.1 million. The Company also had $97.6 million that may become available under the revolving credit facility if it grows the net eligible finance receivables. The revolving credit facility has a commitment fee of 0.40% per annum on the unused portion of the commitment. Borrowings under the revolving credit facility mature on November 19, 2014.

Substantially all of the Company's assets are pledged as collateral for borrowings under the revolving credit agreement.

Junior Subordinated Note Payable

On September 17, 2010, the Company entered into a $75.0 million Junior Subordinated Note Payable with Wells Fargo Preferred Capital, Inc. ("Wells Fargo") providing for a non-revolving line of credit maturing on September 17, 2015. Wells Fargo is also a lender under the Revolving Credit Agreement. The Company repaid the junior subordinated note in May 2012.

Debt Covenants

The debt agreements contain restrictions on the amounts of permitted indebtedness, investments, working capital, and cash dividends. In addition, the agreements restrict liens on assets and the sale or transfer of subsidiaries.

Debt Maturities

As of March 31, 2013, the aggregate annual maturities of the notes payable for each of the fiscal years subsequent to March 31, 2013 were as follows:

2014	$—
2015	400,250,000
2016	—
2017	—
2018	—
Total future debt payments	$400,250,000

(7) Derivative Financial Instruments

On December 8, 2008, the Company entered into an interest rate swap with a notional amount of $20.0 million to economically hedge a portion of the cash flows from its floating rate revolving credit facility. Under the terms of the interest rate swap, the Company paid a fixed rate of 2.4% on the $20.0 million notional amount and received payments from a counterparty based on the 1 month LIBOR rate for a term that ended December 8, 2011. Interest rate differentials paid or received under the swap agreement were recognized as adjustments to interest expense. At March 31, 2013 and 2012 the Company did not have any interest rate derivative instruments.

The gains (losses) recognized in the Company's Consolidated Statements of Operations as a result of the interest rate swaps and foreign currency exchange option are as follows:

	March 31, 2013	March 31, 2012	March 31, 2011
Realized losses			
Interest rate swaps - included as a component of interest expense	$—	(305,459)	(1,128,758)
Unrealized gains			
Interest rate swaps - included as a component of other income	$—	319,235	1,017,032

The Company does not enter into derivative financial instruments for trading or speculative purposes. The purpose of these instruments was to reduce the exposure to variability in future cash flows attributable to a portion of its LIBOR-based borrowings. The Company is currently not accounting for these derivative instruments using the cash flow hedge accounting provisions of FASB ASC Topic 815-10-15; therefore, the changes in fair value of the swaps are included in earnings as other income or expenses.

By using derivative instruments, the Company is exposed to credit and market risk. Credit risk, which is the risk that a counterparty to a derivative instrument will fail to perform, exists to the extent of the fair value gain in a derivative. Market risk is the adverse effect on the financial instruments from a change in interest rates. The Company manages the market risk associated with interest rate contracts by establishing and monitoring limits as to the types and degree of risk that may be undertaken. The market risk associated with derivatives used for interest rate risk management activities is fully incorporated in the Company's market risk sensitivity analysis.

(8) Insurance Commissions and Other Income

Insurance commissions and other income for the years ending March 31, 2013, 2012 and 2011 consist of:

	2013	2012	2011
Insurance commissions	$51,345,424	47,223,398	41,691,008
Tax return preparation revenue	8,696,976	7,923,581	7,794,582
Auto club membership revenue	5,493,653	5,624,142	5,011,758
World Class Buying Club revenue	4,761,257	4,991,111	4,416,879
Other	7,925,072	7,918,341	7,936,631
Insurance commissions and other income	$78,222,382	73,680,573	66,850,858

(9) Non-filing Insurance

The Company maintains non-filing insurance coverage with an unaffiliated insurance company. The following is a summary of the non-filing insurance activity for the years ended March 31, 2013, 2012 and 2011:

	2013	2012	2011
Insurance premiums written	$7,361,547	7,200,590	6,745,271
Recoveries on claims paid	$1,005,757	750,804	691,184
Claims paid	$7,576,902	7,463,662	6,778,465

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(10) Leases

The Company conducts most of its operations from leased facilities, except for its owned corporate office building. The Company's leases typically have a lease term of three to five years and contain lessee renewal options. A majority of the leases provide that the lessee pays property taxes, insurance and common area maintenance costs. It is expected that in the normal course of business, expiring leases will be renewed at the Company's option or replaced by other leases or acquisitions of other properties. All of the Company’s leases are operating leases.

The future minimum lease payments under noncancelable operating leases as of March 31, 2013, are as follows:

2014	$19,762,041
2015	13,271,575
2016	6,744,285
2017	1,938,505
2018	588,251
Thereafter	—
Total future minimum lease payments	$42,304,657

Rental expense for cancelable and noncancelable operating leases for the years ended March 31, 2013, 2012 and 2011, was approximately $21.9 million, $20.0 million and $17.8 million, respectively.

(11) Income Taxes

Income tax expense (benefit) consists of:

	Current	Deferred	Total
Year ended March 31, 2013			
U.S. Federal	$63,140,638	(8,792,012)	54,348,626
State and local	8,372,748	(857,958)	7,514,790
Foreign	1,629,695	(1,292,028)	337,667
	$73,143,081	(10,941,998)	62,201,083
Year ended March 31, 2012			
U.S. Federal	$55,179,487	(2,302,615)	52,876,872
State and local	5,745,452	112,857	5,858,309
Foreign	2,247,933	(1,804,216)	443,717
	$63,172,872	(3,993,974)	59,178,898
Year ended March 31, 2011			
U.S. Federal	$47,303,032	(19,448)	47,283,584
State and local	4,953,995	(538,793)	4,415,202
Foreign	2,580,385	(2,279,239)	301,146
	$54,837,412	(2,837,480)	51,999,932

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Income tax expense was $62,201,083, $59,178,898 and $51,999,932, for the years ended March 31, 2013, 2012 and 2011, respectively, and differed from the amounts computed by applying the U.S. federal income tax rate of 35% to pretax income from continuing operations as a result of the following:

	2013	2012	2011
Expected income tax	$58,201,791	55,955,669	50,137,189
Increase (reduction) in income taxes resulting from:			