

# THE OMBUDSMAN SERVICE LIMITED

COMPANY LIMITED BY GUARANTEE

REPORTS AND  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

TUESDAY



\*A4CL2DQA\*

A13

28/07/2015

#289

COMPANIES HOUSE

**THE OMBUDSMAN SERVICE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**COMPANY INFORMATION**

---

**Directors**

Dame Janet Finch (Chair)  
Alex Blowers  
Clive Deadman  
Baroness Maggie Jones  
Justin McCracken  
Walter Merricks  
Jonathan Rees  
Lewis Shand Smith

**Company number**

4351294

**Registered office**

Brew House  
Wilderspool Park  
Greenall's Avenue  
Warrington  
WA4 6HL

**Auditor**

Moore and Smalley LLP  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

---

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
CONTENTS**

---

	<b>Page</b>
Strategic report	1 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 8
Income and expenditure account	9
Balance sheet	10
Cash flow statement	11
Notes to the cash flow statement	12
Notes to the financial statements	13 - 19

---

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

---

The directors present the strategic report and financial statements for the year ended 31 March 2015.

**Review of the business**

This has been an exceptional year for Ombudsman Services Limited with the company continuing to grow and expanding its influence within the ADR and consumer affairs sectors

The number of complaints handled by Ombudsman Services on behalf of participating companies increased significantly in 2014/15 with 215,969 initial enquiries received from complainants, and 62,806 cases resolved - an increase of 24% and 119% respectively compared to last year. The Energy sector was the biggest contributor to the growth in complaints with an increase of 216% in the number of cases resolved compared to 2014/15. This growth was mainly associated with the introduction of new technologies in billing systems by two companies. There was also an increase of 17% within the communications sector.

In line with this increase in case volume, the company has expanded at pace in terms of the number of staff employed, growing from an organisation that employed 309 staff at the end of 2013/14 to one employing 546 people as of 31 March 2015. This has been underpinned by several key executive level appointments, ensuring that Ombudsman Services has a strong team of executive directors in place providing effective leadership for the organisation.

In addition to the growth of our core business, Ombudsman Services has also attracted new participating companies to existing services, as well as successfully tendering for business in new sectors. The Board has been keen to maximise the opportunities presented by the implementation of the EU Alternative Dispute Resolution (ADR) Directive on 9 July 2015, and has overseen work to target those sectors with the most consumer detriment and to build relationships with various government ministers and officials. This is in line with the vision to grow the company and provide an independent redress service in those sectors that are currently not covered by a scheme.

To accommodate the level of growth experienced over the past 12 months, and to prepare for future growth, the Board has overseen the relocation of the business to a new, modern office space at Daresbury Park. The new site offers a professional and pleasant working environment for staff and is a place where Ombudsman Services can be proud to host key stakeholders. There has also been investment in the original offices at Wilderspool Park to ensure that a good working environment is maintained for those staff who remain there.

Reflecting the growth and increased complexity of the company, the Board has also decided to appoint internal auditors for the first time. The auditors are in place for the start of the financial year 2015/16 and will report to the Chief Executive and the Audit and Risk Committee to further enhance Ombudsman Services' levels of assurance.

**Principal activities and business review**

The Ombudsman Services Limited is a not-for-distributable-profit company which provides independent dispute resolution nationally for the energy, communications, property and copyright licensing sectors, the Green Deal, the Asset Based Finance Association (ABFA), reallymoving.com, Which? Trusted Traders, the Royal College of Veterinary Surgeons (RCVS) and the Glass and Glazing Federation.

**Results**

The surplus for the year, after taxation, amounted to £4,124,033. This surplus has allowed the company to maintain a level of reserves broadly in line with the reserves policy set by the Board, which aims to cover a minimum of 4 months operating costs, give the company the ability to deal with sudden increases or decreases in case volumes, and enable the company to invest in order to sustain a high quality service to all sectors. In particular, after 18 months of case number volatility in the energy sector, it is important that the company retains the means to react very quickly to any further increase in case numbers until the company has firm assurance that the energy supply companies have developed accurate forecasts for complaints.

---

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

---

**Risk**

The Board's approach to risk management aims to balance risk and proportionality. It applies reasoned judgement and consideration of likelihood and impact, and balances this against the cost of mitigation. The risks are identified, managed and monitored by our executive team. The likelihood and the impact of each risk is assessed and tracked on the corporate risk register. Responsibility for control and mitigation of each risk rests with the appropriate executive team member. The register is reviewed and agreed by the Audit and Risk Committee and the Board with regular 'deep dive' reviews undertaken by the Audit and Risk Committee to ensure that all factors are considered and the appropriate mitigations actions implemented and appropriate outcomes realised.

Risks are grouped into five categories:

- External Risks
- Regulatory Risks
- Governance Risks
- Operational Risks
- Reputational Risks

As the company continues to expand the Board recognises that the timely identification and management of risk is a key factor in success. Thus, a risk management framework for all projects has been developed. Robust trigger points have been identified to ensure that risks are escalated up to the corporate risk register when necessary so that the Board can have timely and appropriate input.

**Our people**

Ombudsman Services has a commitment to develop its people through investment in their training and skills. The Board recognises that the experience of customers and stakeholders is driven by a friendly, welcoming, professional and knowledgeable service delivered by appropriately skilled individuals.

It is recognised that the people in the business at all levels are the key to future success. In this time of growth and continued change, it is vital to ensure that the appropriate support mechanisms are in place to enable staff to prosper and help the company to achieve its strategic aims and objectives.

The development of frameworks to build an environment in which employees can develop and contribute to the achievement of the company's goals, where work is stimulating and rewarding and happens in an environment where diversity and equality is the cornerstone of the human resources strategy. This, along with a robust set of values and behaviours; and personal objectives, ensure that a culture of high performance is maintained.

In April 2014, the organisation development programme was implemented with the aim of building a strong leadership capability throughout Ombudsman Services, starting with the formation of a new executive team, and extending to all senior managers in the company.

The launch of the 'grow with us' brand creates a framework to further develop employee communications during a challenging and rapid period of change, helping employees understand the expansion, the changes taking place and communicating the progress made to build Ombudsman Services from its firm foundations.

During the year, the size of the organisation expanded by 76.7% more permanent employees. Despite the number of internal promotions being lower than last year, due to a requirement for new and different technical skills and knowledge within the organisation 14.4% of existing staff achieved promotion.

The pilot apprentice programme has been a success; not only in terms of the apprentices themselves, but also in the way it has provided increased opportunities for supervisory development within the organisation. The apprentice programme is likely to be expanded in the coming year.

A series of roadshows and employee communications resulted in successful implementation of pension auto enrolment scheme. Membership of the scheme remains strong, with 70% of staff choosing to remain within the scheme when enrolled automatically.

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

---

An employee engagement strategy has been implemented and the staff representative group, 'NOVUS' have been actively involved in many of the projects linked to the company's change and expansion plans, and in particular the relocation of employees to the Daresbury offices.

The learning and development department have been involved in significant development of training products in order to prepare the business for migration from one case management system to another, ensuring that employees have the required skills and knowledge in order to work effectively and comfortably within their operational environment. Overall, 8.8 training days per employee have been delivered, of which 2.8 training days per head have been developmental initiatives.

The Board was proud to see that Ombudsman Services achieved Investors in People (IiP) accreditation at bronze level. This was achieved against the new IiP framework and is the eleventh successive year that Ombudsman Services had held IiP status. A continuous improvement action plan has been developed to take the company towards the silver level of the framework.


### **Equality and diversity**

Ombudsman Services is committed to equality of opportunity and respect for diversity.

As an equal opportunities employer, the company recognises that equality and diversity are positive attributes and understand and welcome the difference that an open and diverse culture brings.

The equality and diversity strategy sets a number of key equality and diversity objectives that will continue to underpin the work of the company. They are:

- to foster an inclusive environment for all staff;
- to ensure that services are accessible to all;
- to implement the change programme fairly and transparently; and
- to ensure the learning from complaints handling is fed back to the participating companies.

The Board was delighted to see the company's commitment to Equality and Diversity recognised further by obtaining the  Positive About Disability accreditation.

Mandatory equality and diversity training for all managers has been delivered and equality champions are in place across all departments within the company. The equality champions are raising awareness and providing practical solutions to improve support our staff and as a service provider improve the customer experience for all.

### **Health and safety**

The Board recognises its obligation to safeguard health and safety. This includes employees working on site or at home, outsourced flexible resource, contractors working on site and visitors. Legal obligations are met with the implementation of a health and safety policy, setting safety objectives and suitable safeguards. There has been only one reportable accident in the last five years.

In recognition of the company's growth and to further strengthen the health and safety management arrangements, an external health and safety partner has been appointed to support and advise the executive.

### **Environmental responsibility**

The Board takes environmental responsibilities seriously and is committed to reducing the impact of the company on the environment. The majority of waste paper is recycled and the flexible working policy encouraged by the company means that investigations staff work half their time at home, saving thousands of commuting miles each year. A car sharing scheme has been introduced for all staff and the company utilises the use of teleconferencing and public transport for business as much as practically possible. The amount of

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

---

paper used has been reduced through the introduction of; electronic agenda management system for all Board and executive meetings and e-payslips.

To enhance work in this area still further the company will be implementing an environmental impact assessment template. This will be completed as part of the development for all new policies and any major procedural reviews to ensure that they consider, assess and minimise any environmental impact that they could potentially have.

**Corporate social responsibility**

Corporate social responsibility is embraced by the company. The local community is important to the company and active involvement is strongly encouraged.

Ombudsman Services has a tradition of supporting the local community and is proud of the affiliation with the chosen 'charity of the year' which is voted for by all employees.

A "charity crew" has been created to develop new and innovative ways for raising money, providing support to events and providing staff time to assist the nominated charity. In addition to helping the community and charity, this work also provides staff with excellent team building opportunities and develops new skills.

This year has seen an increase in the membership and responsibilities of the "charity crew" and a change in both the choice of a main local charity (nominated by staff) being supported through both fundraising and volunteer activities throughout the year. Additionally "the charity crew" will organise a calendar of monthly fundraising initiatives to support national charities to reflect the changing nature of our organisation, ensure our focus on the local community remains, as well as developing our wider corporate social responsibility objectives.

In addition to the charity work, staff from Ombudsman Services are encouraged to contribute the community by taking roles such as school governors.

**Customer satisfaction**

The Board takes a keen interest in customer satisfaction and the overall customer experience of those who bring their complaints to Ombudsman Services. In 2014/15, the Board approved the move from a quarterly programme of customer research to a monthly programme in order to receive more "real time" data. The Board receives regular reports on the data and the company's response to it.

During the year the Board oversaw the appointment of two new independent assessors whom, in addition to receiving complaints about the service provided to complainants by Ombudsman Services, will also conduct independent audits of completed cases.

Despite the continuing rise in contacts and complaints about participating companies, the Board is, once again, pleased to note that the percentage of customers raising a service complaint about Ombudsman Services remained static at 0.001%. Nonetheless, the Board regularly seeks assurance from the executive that the company uses the feedback from the customer satisfaction survey and the independent assessors to continually assess the quality of our process and take remedial action wherever it is necessary.

On behalf of the board



**Dame Janet Finch, Chair  
Director**

**19 May 2015**

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2015**

---

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

**Results**

The results for the year are set out on page 9.

**Directors**

The directors who served the company during the year were as follows:

- Dame Janet Finch (Chair)
- Alex Blowers
- Richard Brown\*
- Sheila Button\*\*
- Clive Deadman
- Steven Gould\*\*\*
- Baroness Maggie Jones
- Justin McCracken
- Walter Merricks
- Jonathan Rees
- Lewis Shand Smith

\* Richard Brown retired as a director on 1 August 2014.

\*\* Sheila Button retired as a director on 31 July 2014.

\*\*\* Steven Gould retired as a director on 31 August 2014.

**Auditor**

Beever and Struthers resigned as auditors during the year and Moore and Smalley LLP have been appointed. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

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

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



**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

---

**Statement of disclosure to auditor**

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

On behalf of the board



**Dame Janet Finch, Chair**

**Director**

**19 May 2015**

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF THE OMBUDSMAN SERVICE LIMITED**

---

We have audited the financial statements of The Ombudsman Service Limited for the year ended 31 March 2015 set out on pages 9 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF THE OMBUDSMAN SERVICE LIMITED**

---

**Matters on which we are required to report by exception**

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

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



**Tracey Johnson (Senior Statutory Auditor)  
for and on behalf of Moore and Smalley LLP  
Chartered Accountants  
Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

28 May 2015

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>	<b>2</b>	26,949,970	11,915,984
Administrative expenses		(22,880,863)	(10,533,658)
<b>Operating surplus</b>	<b>3</b>	4,069,107	1,382,326
Other interest receivable and similar income	<b>5</b>	64,193	39,897
Interest payable and similar charges	<b>6</b>	-	(1,613)
<b>Surplus on ordinary activities before taxation</b>		4,133,300	1,420,610
Tax on surplus on ordinary activities	<b>8</b>	(9,267)	(7,986)
<b>Surplus for the year</b>	<b>17</b>	4,124,033	1,412,624

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

**THE OMBUDSMAN SERVICE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**BALANCE SHEET**

**AS AT 31 MARCH 2015**

	Notes	2015 £	£	2014 £	£
<b>Fixed assets</b>					
Tangible assets	9	2,427,766		664,985	
Investments	10	579,163		-	
		<u>3,006,929</u>		<u>664,985</u>	
<b>Current assets</b>					
Debtors	11	9,473,718		3,923,470	
Investments	12	-		500,000	
Cash at bank and in hand		6,215,179		1,261,267	
		<u>15,688,897</u>		<u>5,684,737</u>	
<b>Creditors: amounts falling due within one year</b>	13	(10,205,124)		(2,336,129)	
<b>Net current assets</b>		<u>5,483,773</u>		<u>3,348,608</u>	
<b>Total assets less current liabilities</b>		<u>8,490,702</u>		<u>4,013,593</u>	
<b>Provisions for liabilities</b>	14	(471,690)		(118,614)	
		<u>8,019,012</u>		<u>3,894,979</u>	
<b>Reserves</b>					
Income and expenditure account	17	8,019,012		3,894,979	
<b>Members' funds</b>	18	8,019,012		3,894,979	

Approved by the Board and authorised for issue on 19 May 2015

*Janet Finch*

Dame Janet Finch, Chair  
Director

Company Registration No. 4351294

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2015**

	£	2015 £	£	2014 £
<b>Net cash inflow from operating activities</b>		7,188,278		607,092
<b>Returns on investments and servicing of finance</b>				
Interest received	17,860		39,897	
Interest element of finance lease rentals	-		(1,613)	
<b>Net cash inflow for returns on investments and servicing of finance</b>		17,860		38,284
<b>Taxation</b>		(7,986)		(1,524)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(2,244,240)		(635,686)	
<b>Net cash outflow for capital expenditure</b>		(2,244,240)		(635,686)
<b>Net cash inflow before management of liquid resources and financing</b>		4,953,912		8,166
<b>Financing</b>				
Capital element of finance lease contracts	-		(3,752)	
<b>Net cash outflow from financing</b>		-		(3,752)
<b>Increase in cash in the year</b>		4,953,912		4,414

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2015**

<b>1 Reconciliation of operating profit to net cash outflow from operating activities</b>		<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
Operating profit		4,069,107	1,382,326
Depreciation of tangible assets		481,459	151,152
Increase in debtors		(5,583,078)	(2,261,568)
Increase in creditors within one year		7,867,714	1,271,568
Increase in provisions		353,076	63,614
<b>Net cash inflow from operating activities</b>		<b>7,188,278</b>	<b>607,092</b>

<b>2 Analysis of net funds</b>	<b>1 April 2014</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 March 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:				
Cash at bank and in hand	1,261,267	4,953,912	500,000	6,715,179
Liquid resources:				
Current asset investments	500,000	-	(500,000)	-
<b>Net funds</b>	<b>1,761,267</b>	<b>4,953,912</b>	<b>-</b>	<b>6,715,179</b>

<b>3 Reconciliation of net cash flow to movement in net funds</b>		<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
Increase in cash in the year		4,953,912	4,414
Cash (inflow)/outflow from (increase)/decrease in debt		-	3,752
<b>Movement in net funds in the year</b>		<b>4,953,912</b>	<b>8,166</b>
Opening net funds		1,761,267	1,753,101
<b>Closing net funds</b>		<b>6,715,179</b>	<b>1,761,267</b>

**THE OMBUDSMAN SERVICE LIMITED  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

---

**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

**1.3 Turnover**

Turnover represents subscription and case fee income of the service and any costs recovered in setting up new Ombudsman services.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% straight line or over life lease
Fixtures and fittings	20% straight line
Software	50% straight line

**1.5 Leasing**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

Rent concessions are spread over the life of a lease so that the total rent is charged on a straight line basis. The company has also received a reverse premium of £2.1 million in the year. This is also being spread over the life of the lease.

**1.6 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

**1.7 Pensions**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income and expenditure account.

**1.8 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**1.9 Set Up Costs**

All costs are fully written off in the year of expenditure. Any fixed assets capitalised are included within fixed assets at cost and are depreciated 100% in the year of acquisition.



**THE OMBUDSMAN SERVICE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

**2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

<b>3 Operating profit</b>	<b>2015 £</b>	<b>2014 £</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	481,459	151,152
Auditors' remuneration (including expenses and benefits in kind)	10,473	10,840
	<u>          </u>	<u>          </u>

<b>4 Directors' remuneration</b>	<b>2015 £</b>	<b>2014 £</b>
Remuneration for qualifying services	358,854	360,374
Company pension contributions to defined contribution schemes	20,000	24,475
	<u>          </u>	<u>          </u>
	378,854	384,849
	<u>          </u>	<u>          </u>

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

Remuneration for qualifying services	147,983	135,756
Company pension contributions to defined contribution schemes	18,120	16,907
	<u>          </u>	<u>          </u>

<b>5 Investment income</b>	<b>2015 £</b>	<b>2014 £</b>
Bank interest	17,860	7,067
Other	46,333	32,830
	<u>          </u>	<u>          </u>
	64,193	39,897
	<u>          </u>	<u>          </u>

<b>6 Interest payable</b>	<b>2015 £</b>	<b>2014 £</b>
Lease finance charges	-	1,613
	<u>          </u>	<u>          </u>

**THE OMBUDSMAN SERVICE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

**7 Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was:

	<b>2015 Number</b>	<b>2014 Number</b>
Number of staff	527	197

**Employment costs**

	<b>2015 £</b>	<b>2014 £</b>
Wages and salaries	15,135,039	6,778,967
Social security costs	984,478	483,346
Other pension costs	382,965	223,000
	<u>16,502,482</u>	<u>7,485,313</u>

**8 Taxation**

	<b>2015 £</b>	<b>2014 £</b>
<b>Domestic current year tax</b>		
U.K. corporation tax	9,267	7,986
<b>Total current tax</b>	<u>9,267</u>	<u>7,986</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	4,133,300	1,420,610
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 20.00%)	826,660	284,122
Effects of:		
Exempt activity	(817,393)	(276,136)
	<u>(817,393)</u>	<u>(276,136)</u>
<b>Current tax charge for the year</b>	<u>9,267</u>	<u>7,986</u>

**THE OMBUDSMAN SERVICE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

**9 Tangible fixed assets**

	<b>Computer equipment</b>	<b>Fixtures and fittings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2014	1,221,938	329,949	1,551,887
Additions	891,080	1,353,159	2,244,239
	<u>2,113,018</u>	<u>1,683,108</u>	<u>3,796,126</u>
<b>Depreciation</b>			
At 1 April 2014	684,961	201,941	886,902
Charge for the year	351,133	130,325	481,458
	<u>1,036,094</u>	<u>332,266</u>	<u>1,368,360</u>
<b>Net book value</b>			
At 31 March 2015	1,076,924	1,350,842	2,427,766
	<u>536,977</u>	<u>128,008</u>	<u>664,985</u>

**10 Fixed asset investments**

	<b>Listed investments</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2014	-
Re-classification	532,830
Additions	10,051
Revaluation	36,282
	<u>579,163</u>
<b>Net book value</b>	
At 31 March 2015	<u>579,163</u>

The investment held has been transferred from current asset investments to fixed asset investments to reflect the length of time that it is anticipated the investment will be held.

**THE OMBUDSMAN SERVICE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

<b>11 Debtors</b>	<b>2015 £</b>	<b>2014 £</b>
Trade debtors	8,424,506	3,301,853
Other debtors	5,627	1,927
Prepayments and accrued income	1,043,585	619,690
	<u>9,473,718</u>	<u>3,923,470</u>
<b>12 Current asset investments</b>	<b>2015 £</b>	<b>2014 £</b>
Other unlisted investments	-	500,000
	<u>-</u>	<u>500,000</u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2015 £</b>	<b>2014 £</b>
Trade creditors	5,933,516	1,078,809
Corporation tax	9,267	7,986
Other taxes and social security costs	430,024	693,955
Other creditors	1,977,247	66,166
Accruals and deferred income	1,855,070	489,213
	<u>10,205,124</u>	<u>2,336,129</u>
<b>14 Provisions for liabilities</b>		<b>Provision for dilapidations £</b>
Balance at 1 April 2014		118,614
Profit and loss account		353,076
		<u>471,690</u>
Balance at 31 March 2015		<u>471,690</u>

**THE OMBUDSMAN SERVICE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

**15 Financial commitments**

At 31 March 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2016:

	<b>Land and buildings</b>	
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Between two and five years	393,802	350,672
In over five years	420,129	-
	<u>813,931</u>	<u>350,672</u>

**16 Capital commitments**

At 31 March 2015 the company had capital commitments as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in the financial statements	<u>698,398</u>	<u>-</u>

**17 Statement of movements on income and expenditure account**

	<b>Income and expenditure account</b>
	<b>£</b>
Balance at 1 April 2014	3,894,979
Profit for the year	4,124,033
	<u>8,019,012</u>
Balance at 31 March 2015	

**18 Reconciliation of movements in Members' funds**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	4,124,033	1,412,624
Opening Shareholders' funds	<u>3,894,979</u>	<u>2,482,355</u>
Closing Shareholders' funds	<u>8,019,012</u>	<u>3,894,979</u>

**THE OMBUDSMAN SERVICE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2015**

---

**19 Related party relationships and transactions**

In the directors' opinion there is no ultimate controlling party.

No transactions with related parties were undertaken such as are required to be disclosed under FRS 8

**20 Company Limited by Guarantee**

The liability of members is limited.

Each director has agreed to contribute £1 to the assets of the company in the event of it being wound up.