Fresh Start Financial Management Limited

(formerly Advanced Debt Solutions Limited)

Directors' report and financial statements

Registered number 5437838

31 July 2009

Contents

Company information

DIRECTORS:	J Murtagh A Murtagh (appointed 03-12-2008) D H Rodgers J S Clarke (resigned 03-12-2008)
SECRETARY:	R Clayton (appointed 09-05-2009) K Williamson (appointed 03-12-2008 resigned 08-05-2009) J S Clarke (resigned 03-12-2008)
REGISTERED OFFICE:	Building A, Green Court Truro Business Park Threemilestone Truro Cornwall TR4 9LF
REGISTERED NUMBER:	5437838
AUDITORS:	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
BANKERS:	National Westminster Bank plc 2/4 St Nicholas Street Truro Cornwall TR1 2RN

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2009

Principal activities

The principal activity of the company in the year under review was that of the provision of personal debt management facilities

Business review

Company Profile

Fresh Start Financial Management Limited ("FSFM") deals with the administration of the affairs of individuals experiencing financial difficulties

Review of the Company's Business

The activities have grown considerably during the year, with turnover increasing from £2,314,000 to £3,454,00 (49.3%)

The company's strategy continues to be to expand the operations and to reach sufficient volume to generate maximum profits

Key Performance Indicators

The Key Performance Indicators ("KPIs") that affect the company are

- Completions of debt management plans
- Quality of service provided to customers
- Effectiveness of marketing campaigns

All KPIs are monitored regularly by the management and directors of the company

Political and charitable contributions

The company made no political contributions during the year *(2008 £nil)* Donations to UK charities amounted to £nil *(2008 £nil)*.

Dividends

Interim dividends of £436,725 (2008 £97,500) in relation to ordinary shares were paid during the year The dividends paid were higher in value than the retained profits disclosed in the Company Balance Sheet as at 31 July 2009 This was the result of a change in accounting policy during the financial year which reduced the level of distributable reserves, this change in policy had not been identified at the time the interim dividends were paid

At the year end a debtor has been recognised for amounts owed to the Company in respect of this dividend in excess of distributable reserves per the last available accounts

The directors do not recommend the payment of a final dividend

During the year, the directors have reconsidered the treatment of certain fixed assets and concluded that items which were previously not depreciated should be depreciated on a 25% reducing balance basis in line with Fixtures, Fittings Tools & Equipment The directors consider this to be a change in accounting policy and have concluded that adjustment should be made through a prior year adjustment The effect of this adjustment is explained in note 2 of the financial statements

Employees

The company policy is to give all applications for employment from disabled persons full consideration in relation to the vacancy concerned and in the event of existing staff becoming disabled, every effort is made to enable them to maintain their present position or to employ them in suitable work in another department As far as possible the company provides the same level of training, regardless of physical disabilities, and is an equal opportunity employer

The company recognises the importance of achieving effective communication and consultation with its staff and maintains this through close contact

Disclosure of information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re appointed and KPMG LLP will therefore continue in office

By order of the board

J Murtagh
Director

D Rodgers
Director
20th July 2010

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report to the members of Fresh Start Financial Management Limited

We have audited the financial statements of Fresh Start Financial Management Limited for the year ended 31 July 2009 set out on pages 6 to 18 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body in accordance with sections 495 and 496 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 audit 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 auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

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 July 2009 and of its profit for the year then ended
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

20th July 2010

Richard Gabbertas
(Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

1 The Embankment
Neville Street
Leeds LS1 4DW

Profit and loss account
for the year ended 31 July 2009

	Note	2009 £000	Restated 2008 £000
Turnover	3	3,454	2,314
Administrative expenses		(3,113)	(2 083)
Operating profit		341	231
Interest receivable and similar income	6	-	3
Interest payable and similar charges	7	(5)	-
Profit on ordinary activities before taxation	3	336	234
Tax on profit on ordinary activities	8	84	29
Profit for the financial year		252	205

All amounts related to continuing operations

Reconciliation to restated profit at 31 July 2008	Restated 2008 £'000
Profit as previously reported	211
Prior year adjustments	
Impact of change in depreciation policy net of tax (note 2)	(6)
Profit as restated	205

Statement of total recognised gains and losses

at 31 July 2009	Restated 2009 £000
Profit for the financial year	259
Prior year adjustments	
Impact of change in depreciation policy net of tax (note 2)	(23)
Total recognised gains since last annual report	236

Balance sheet
at 31 July 2009

	Note	2009 £000	2009 £000	Restated 2008 £000	Restated 2008 £000
Fixed assets					
Tangible assets	9		120		56
Investments	10		10		-
			130		56
Current assets					
Debtors	11	372		232	
Deferred tax assets		5			
Cash at bank and in hand		299		135	
		676		367	
Creditors: amounts falling due within one year	12	(555)		(125)	
Net current assets			121		242
Total assets less current liabilities			251		298
Capital and reserves					
Called up share capital	1		1		1
Share premium	13		250		250
Profit and loss account	14		0		47
Equity shareholder's funds			251		298

The Notes on pages 9 – 18 form part of these financial statements

These financial statements were approved by the Directors on 20TH JULY 2010 and signed by:

J Murtagh
Director

D Rodgers
Director

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard (FRS) 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows.

Fixtures, fittings, tools and equipment	- 25% per annum on reducing balance basis
Computer Software	- 1 Year Straight-line

Client Money Balances

Within cash balances are amounts received by the Company from clients, these are held within bank accounts which are segregated from, and do not have a legal right of set-off with, the Company's own bank accounts Within these balances are fees due to the Company with the remaining monies held on behalf of clients, payable to third parties under debt management schemes, and disclosed as amounts held on behalf of clients payable to creditors within creditors due within one year

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Investments

Investments are included in the financial statements at cost less amount written off if impaired.

Turnover

Turnover represents fees and commissions (excluding value added tax) earned in the year Initial fees are recognised when received and ongoing management fees are recognised upon payment of creditors on behalf of clients

Notes *(continued)*

2 Change in accounting policy

There has been one change made to accounting policies during the year ended 31 July 2009

During the year, the directors have reconsidered the treatment of certain fixed assets and concluded that items which were previously not depreciated should be depreciated on a 25% reducing balance basis in line with Fixtures, Fittings Tools & Equipment. The directors consider this to be a change in accounting policy and have concluded that adjustment should be made through a prior year adjustment

The effect of this adjustment in the Group accounts is to increase reported fixed asset depreciation in the year ended 31 July 2008 by £6,271, with an additional adjustment of £16,322 to opening reserves at 1 August 2007, this results in £22,593 of recognised losses since the last annual report Fixed asset depreciation in the year ended 31 July 2009 is £4,702 higher under the revised average lives than under those previously used The impact of this change in accounting policy can be seen in the tables below,

	2008 £
Impact on profit	
Impact of change in depreciation policy	(6)
Tax effect	-
Net impact on profit	(6)
Impact on balance sheet	
Net reduction in tangible fixed assets	(23)
Net reduction in corporation tax creditor	-
Reduction in retained profit	17
Net impact on balance sheet	(6)

3 Profit on ordinary activities before taxation

	2009 £000	2008 £000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Audit	28	
Non audit services		
Depreciation and other amounts written off tangible fixed assets	40	32

4 Remuneration of directors

	2009 £000	2008 £000
Directors' emoluments	107	80

There are no amounts accruing to any of the directors in respect of pension schemes

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows.

	2009 No.	2008 No
Sales and marketing	39	22
Administration	20	16
	59	38

The aggregate payroll costs of these persons (excluding directors) were as follows

	2009 £000	2008 £000
Wages and salaries	1,096	714
Social security	367	238
	1,461	952

6 Interest receivable and similar income

	2009 £000	2008 £000
Interest on other loans	-	3
	-	3

7 Interest payable and similar charges

	2009 £000	2008 £000
On other loans	5	-
	5	-

Notes *(continued)*

8 Taxation

Analysis of charge in period

	2009		2008	
	£000	£000	£000	£000
UK corporation tax				
Current tax on income for the period	89		29	-
Adjustments in respect of prior periods			-	
Total current tax		89		29
Origination/reversal of timing differences	(5)		-	
Adjustment in respect of previous years	-		-	
Total deferred tax		(5)		-
Tax on profit on ordinary activities		84		29

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2008 lower)* than the standard rate of corporation tax in the UK (28%, *2008 21 %*) The differences are explained below

	2009 £000	2008 £000
Current tax reconciliation		
Profit on ordinary activities before tax	336	234
Current tax at 28% *(2008 21%)*	94	49
Effects of		
Disallowable Expenses	29	1
Capital Allowances in excess of depreciation	(11)	(2)
Non taxable income	(4)	
Marginal Relief	(19)	(1)
Utilisation of tax loses		(18)
Total current tax charge (see above	89	29

Deferred Taxation	2009 £000	2008 £000
At 1 August	-	-
Credited / (charged) to the profit	5	-
At 31 July	5	

Deferred tax is provided at 28% being the rate of corporation tax at which the asset Is expected to crystallise as follows

Accelerated capital allowances	5	

Notes *(continued)*

9 Tangible fixed assets

	Fixtures, fittings, tools and equipment £000	Total £000
Cost		
At beginning of year	116	116
Additions	100	100
At end of year	216	216
Depreciation		
At beginning of year	60	60
Charge for year	36	36
At end of year	96	96
Net book value		
At 31 July 2009	**120**	**120**
At 31 July 2008	56	56

Notes *(continued)*

10 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning of year	-
Acquisitions	10
Disposals	-
Net book value	
At 30 July 2009	**10**
At 30 July 2008	-

The addition reflects that on 9th July 2009 the company acquired 50 £1 ordinary shares of Consumer Protection Services Limited a Payment Protection Insurance Reclaim Business for a consideration of £10,000

11 Debtors

	2009 £000	2008 £000
Trade debtors	184	126
Amounts owed by group undertakings	-	91
Deferred tax assets	5	-
Due from Shareholders	138	-
Prepayments and accrued income	45	15
	372	232

Notes *(continued)*

12 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Corporation Tax	89	29
Trade creditors	369	19
Taxation and social security	87	58
Accruals and deferred income	10	19
	555	125

13 Called up share capital

	2009 £000	2008 £000
Authorised, allotted, called-up and fully paid		
1,000 Ordinary shares of £1 each	1	1

Notes *(continued)*

14 Reserves

2009	Profit and loss account	Share premium	Total reserves
	£'000	£'000	£'000
Shareholders finds as at 1 August as previously reported	47	250	297
Profit for the year	252		252
Due from shareholders	138		138
Equity dividends paid	(437)		(437)
At end of year	0	250	250

2008	Profit and loss account	Share premium	Total reserves
	£'000	£'000	£'000
Shareholders finds as at 1 August as previously reported	(43)	250	207
Prior Year Adjustment for depreciation (Note 2)	(23)		(23)
Profit for the year	211	-	211
Due from shareholders			
Equity dividends paid	(98)	-	(98)
At end of year	47	250	297

Interim dividends of £436,725 (2008 £97,500) in relation to ordinary shares were paid during the year The dividends paid were higher in value than the retained profits disclosed in the Company Balance Sheet as at 31 July 2009 This was the result of a change in accounting policy during the financial year which reduced the level of distributable reserves, this change in policy had not been identified at the time the interim dividends were paid At the year end a debtor has been recognised for amounts owed to the Company in respect of this dividend in excess of distributable reserves per the last available accounts