Financial Statements

Perfect Home Holdings Limited

For the Period Ended 1 April 2017

Registered number: 6016659

Company Information

Directors	J R Clark M W Cooper A M Smith M J Sweetland
Company secretary	A M Smith
Registered number	6016659
Registered office	Coleshill Manor Coleshill Manor Office Campus Coleshill West Midlands B46 1DL
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building Colmore Circus Birmingham West Midlands B4 6AT
Bankers	Barclays Bank Plc 15 Colmore Row Birmingham B3 2EP

Perfect Home Holdings Limited

Contents

Group Strategic Report
For the Period Ended 1 April 2017

Introduction

The directors present their strategic report for the year ended 1 April 2017.

The strategic objective of the Group is to continue to expand its business through the Group's transactional web-site as well as through a network of strategically placed stores. The continued growth in importance of online business has led to a reappraisal of the number of stores that will ultimately be required to provide full coverage across the UK and this is discussed in more detail below.

Principal activities

The principal activity of the company during the year was that of a holding company.

The principal activities of the Group during the year were the sale of home furniture, appliances and other products to domestic customers on hire purchase agreements and the provision of related services, maintenance and other financing agreements.

Business review and future performance

The directors report a loss before tax of £48,417,285 (2016: loss of £6,515,253). The operating loss in the year rose to £46,272,653 (2016: £4,547,332) as a result of a decline in sales of product, a reduction in the Loan Book base resulting in a decline in recurring revenue and substantial one-off costs relating to changes to the operating model.

The challenges facing the business in the year lay in three areas.

First, the change to the regulatory framework arising out of the move from Office of Fair Trading regulation to supervision by the Financial Conduct Authority has resulted in a requirement for more formal Affordability Assessments, leading both to reduced volumes and to higher costs without any related improvement in debt performance. Sales of new product declined in the year from £47.0m to £34.7m. In particular, prior to being authorised by the FCA, the Group's operating subsidiaries agreed a series of interim measures with the FCA that restricted its ability to sell to existing customers and also prevented it from using its full range of forbearance measures for customers in arrears. These measures are no longer in force and Temple Finance Limited was authorised by the FCA on 14 December 2017. In the long run, the ability of the Group to trade across the UK via its online offering, rather than simply through its previous estate of 70 stores, is expected to provide opportunities for sales to return to and exceed previous levels.

At the same time, restrictions around the number and nature of the inter-actions that the Group is allowed to engage in with customers in arrears had the effect of increasing arrears and losses from the debtor book. The Group has responded to this change in its ability to service its traditional customer base by improving its analytical identification of customers more likely to go to term on their HP agreements and concentrating on serving these customers. This inevitably has meant that some customers who would previously have qualified for credit no longer do, but the improvement in Customer Credit Score is expected to lead in the long run to a reduction in losses and improved return on capital.

In the short run, however, there has been an increase in arrears as new policies and procedures were implemented and embedded, which fed through into an increase in losses. To cover this, an additional one-off provision for losses of £16m was taken in the year.

Group Strategic Report (continued)
For the Period Ended 1 April 2017

Business review and future performance (continued)

The move reported in last year's Group Strategic Report of customers away from the High Street and moving online continued in the year and led to the Group accelerating its strategic move towards the online channel and away from high street locations. In January 2017, the Group launched its second generation, fully-transactional, mobile-first website, which provides an enhanced experience for customers accessing the site via mobile devices. To support the web business and to ensure that customer inter-actions are handled efficiently and in compliance with regulation, the Group continued to develop its centralised customer-facing operations, including the Customer Contact Centre and Central Underwriting. In addition, in April 2017, a new Customer Account Management Centre was established to take over responsibility for all customer contacts around payments, collections and arrears. This department is now fully staffed and operational.

As part of this strategy, it was decided that the Group would effect a significant reduction in its store base, with 29 stores being closed during the year. In addition, the Group announced its intention to reduce the estate by a further 23 stores, and this was achieved by the end of June 2017. The Group now operates in 18 store locations. The costs of staff redundancies and of onerous leases were provided for in the year and a one-off charge of £15.7m was taken in the Income Statement.

Key performance indicators

Customer contract numbers
Turnover is driven by the number of customers and customer HP agreements. The changes to affordability assessments referred to above have led to a reduced opportunity for customer acquisition and for existing customers to acquire additional products. Total customer agreements has fallen in the year from 141,714 to 114,237, a reduction of 19.4%. Turnover has also fallen in the year from £70.3m to £62.3m, a reduction of 10.7%.

Store base
No new stores were opened in the year and 29 were closed. A further 23 were closed after the balance sheet date, and the Group now trades out of 18 stores and through its online platform. All new customers are now required to pay via Recurring Card mandates and a programme of conversion of cash payers to this method or to Paypoint cards has been undertaken in order to facilitate the move to centralised customer account management.

Bad debts
The Group seeks to manage its arrears process with the intention of returning its customers to a successful payment profile. During the course of the year, the changes made to customer account management practices led to an increase in arrears to close the year at 10.6%. This then rose again substantially post year-end as stores were closed and arrears management was centralised. High arrears is a reliable lead-indicator of higher bad debts. The impact of bad debts on the performance of the business is felt two ways: first, as a write-off of Loan Book and second, as a reduction in recurring revenue coming off a diminished capital base. The loan book write off has been covered by extra provisions above previous run-rates taken in the year-ended March 2017 of £20m. Recurring revenue in the year was down by 10.7% to £62.7m, contributing to the increase in Loss before Tax reported above. As of December 2017, the Customer Account Management teams are fully staffed and arrears are on a downward trajectory.

Group Strategic Report (continued)

For the Period Ended 1 April 2017

Principal risk and uncertainties

The directors are of the opinion that the company has adopted a thorough risk management process that involves the formal review of all the risks identified below. The board monitors and reviews risks in order to mitigate each risk area on a regular basis in order to assess its impact.

Regulation

The Group operates in a regulated market and has established processes and policies for ensuring its compliance with all applicable legislation and regulation. Staff participate in a programme of training designed to ensure that they understand the processes and policies that the directors have established.

All staff must be accredited to perform functions that have regulatory implications by attesting and demonstrating that they understand the processes and policies that the company has established. This protects the reputation of the company, customers and staff.

Temple Finance Limited, one of the Group trading companies, is regulated by the Financial Conduct Authority and has been operating under the Interim Permission regime. It was authorised by the Financial Conduct Authority on 14 December 2017.

Financing

The increase in losses in the year and the costs associated with restructuring the business to address the changes in regulation and market conditions have put pressure on the Group's financing in the year. This has meant that cash has had to be managed very tightly and purchases of product for resale have been restricted. This lack of working capital has meant that product has not been available to satisfy demand from the Group's customers and new sales have been greatly constrained. This has led to a continued decline in the Group's Capital Loan Book and reduced weekly revenues.

Higher arrears and losses have also put pressure on the Group's facilities with Wells Fargo Asset Finance, with high arrears and defaults leading to higher Ineligibility factors being applied to the asset base. The funds available to the Group from this facility accordingly declined during the course of the year and it became apparent that a comprehensive refinancing was required in order to allow the Group to meet its strategic objectives.

Subsequent to the year end, facilities have been agreed with Aaron's Inc., a former investor in the Group, who have agreed to extend £16.6m of facility until December 2019, based on a 12% coupon and warrants for the acquisition of certain shares in the company, along with an agreed amortisation schedule. In addition, lending has been made available by Kaluga Investments S.A.R.L. in a facility with a duration of 4 years and 3 months, capped at £50m. This facility is based on an agreed advance rate against eligible assets and has a coupon of LIBOR plus 11% and is also accompanied by warrants for the acquisition of certain shares in the company. This facility was completed on 5 December 2017, with an initial advance of £9.8m being made.

Economic risk

The spending power of the company's customer base is at risk from inflation and the government's review of benefits. Management build the impact of external market risk into their credit scoring methodology and monitor the product offering to ensure that the company remains competitive.

Group Strategic Report (continued)
For the Period Ended 1 April 2017

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash at bank, revolving credit facilities, finance lease and hire-purchase arrangements and other loans. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as amounts receivable from hire purchase contracts and trade creditors which arise directly from its operations. The Group does not enter into any derivative transactions.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and currency risk.

This report was approved by the board and signed on its behalf.

A M Smith
Director

Date: 19th December 2017

Directors' Report
For the Period Ended 1 April 2017

The directors present their report and the financial statements for the period ended 1 April 2017.

Results and dividends

The loss for the period, after taxation, amounted to £48,979,210 (2016: loss £8,929,737).

The directors did not recommend paying a dividend (2016: £Nil).

Directors

The directors who served during the period were:

J R Clark
M W Cooper
A M Smith
M J Sweetland

Qualifying indemnity provisions

The Group has provided qualifying third party indemnity provisions in respect of its directors which were in force during the year and at the date of this report.

Matters covered in the strategic report

The business review and financial risk management, and objectives and policies have been included in the Strategic report.

Directors' Report (continued)

For the Period Ended 1 April 2017

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

For the Period Ended 1 April 2017

Employee welfare

The group employs people from the communities it serves and aims to be the employer of choice within its market sector. The group aims to attract, select, recruit and retain top quality employees based only on their ability and aptitude through a number of people policies. These policies include offering upper-quartile rates of pay (compared with the market), excellent benefits and training and development opportunities for employees, reflecting the company's values and culture.

These benefits include:

- Pension scheme available to all staff
- Life insurance available for all staff
- Childcare vouchers
- Market-leading bonus and commission schemes where appropriate
- Family Friendly Policies which include an enhanced Maternity Policy and enhanced Paternity Policy
- Performance related pay based on annual reviews for all staff.

Recruitment

Through its ongoing recruitment for new and existing roles, the Group recruits within local communities through local recruitment campaigns including via Job Centre Plus. For more specialist requirements, the Group use the services of selected recruitment agents.

Training and development

A structured induction training programme is in place which is regularly reviewed with regard to its relevance and quality. This programme ensures that all new employees receive timely and effective induction training, including both hard and soft skills.

Perfect Home also runs its own Management Development Programme. This programme concentrates on delivering training to enhance the knowledge of all Line Managers in such areas as HR, managing people, managing performance and coaching.

Employee consultation

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group.

Health & safety

The group recognises its obligations under the Health and Safety at Work Act 1974 and other relevant legislation and has a full programme of risk assessment and risk management activities, overseen by its designated Compliance Manager, to ensure that these are met.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

Directors' Report (continued)

For the Period Ended 1 April 2017

Community involvement

The Group sells household electronics, appliances and furniture to all sections of the community and seeks to provide financing arrangements which can be adapted to all potential customers, in the widest range of personal circumstances, to facilitate these purchases. The Group aims not to exclude any section of the community from the opportunity of becoming a customer, and in line with this philosophy, has been pleased to engage with charitable organisations which seek to assist some of the more disadvantaged members of the community and provide opportunities for them to lead more fulfilling lives. The Group has therefore been pleased to be associated for a number of years with The Prince's Trust and CREATE UK Limited.

In addition, the Group has run its own programme of community involvement called PerfectHome Community Causes, which made available sums of up to £10,000 which local charitable of community groups could apply to receive to support their activities.

During the year ended 31 March 2017, because of the intense focus on restructuring both the business and its finance, the Group took the decision to suspend these activities pending completion of its re-financing. This now having been completed, it is the intention of the Group to relaunch its Community programme in 2018.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Future developments

Significant post balance sheet events are set out in note 31.

The directors believe that the group is a going concern, as explained on page 17.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A M Smith
Director

Date: 19th December 2017

Grant Thornton

Independent Auditor's Report to the Members of Perfect Home Holdings Limited

We have audited the financial statements of Perfect Home Holdings Limited for the period ended 1 April 2017, which comprise the consolidated Statement of comprehensive income, the consolidated and Company Statements of financial position, the consolidated Statement of cash flows, the Group and Company Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 6, 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

A description of the scope of an audit of financial statements is provided on the FRC Ethical Standards website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 1 April 2017 and of the Group's loss for the period 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.

Grant Thornton

Independent Auditor's Report to the Members of Perfect Home Holdings Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with those financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

David White (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Birmingham
Date: 21/12/17

Consolidated Statement of Comprehensive Income

For the Period Ended 1 April 2017

	Note	2017 £	2016 £
Turnover	4	**62,740,864**	70,254,994
Cost of sales		**(47,026,297)**	(28,356,110)
Gross profit		**15,714,567**	41,898,884
Administrative expenses		**(61,987,220)**	(46,446,216)
Operating loss	5	**(46,272,653)**	(4,547,332)
Interest receivable and similar income	9	**4,648**	2,455
Interest payable and expenses	10	**(2,149,280)**	(1,970,376)
Loss before taxation		**(48,417,285)**	(6,515,253)
Tax charge on loss	11	**(561,925)**	(2,414,484)
Loss for the financial period		**(48,979,210)**	(8,929,737)
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**(48,979,210)**	(8,929,737)

The notes on pages 17 to 41 form part of these financial statements.

Perfect Home Holdings Limited
Registered number:6016659

Consolidated Statement of Financial Position

As at 1 April 2017

	Note		1 April 2017 £		As restated 26 March 2016 £
Fixed assets					
Tangible assets	12		**2,470,995**		3,805,752
			2,470,995		3,805,752
Current assets					
Stocks	14	**4,418,669**		9,250,079	
Debtors: amounts falling due after more than one year	15	**15,645,246**		35,960,068	
Debtors: amounts falling due within one year	15	**26,948,736**		41,522,456	
Cash at bank and in hand	17	**3,812,202**		3,927,924	
		50,824,853		90,660,527	
Creditors: amounts falling due within one year	18	**(30,398,704)**		(30,843,009)	
Net current assets			**20,426,149**		59,817,518
Total assets less current liabilities			**22,897,144**		63,623,270
Creditors: amounts falling due after more than one year	19		**(4,145,483)**		(9,115,115)
Provisions for liabilities					
Other provisions	24	**(14,662,716)**		(1,440,000)	
			(14,662,716)		(1,440,000)
Net assets			**4,088,945**		53,068,155
Capital and reserves					
Called up share capital	25		**1,667**		1,667
Capital redemption reserve			**85,741,739**		85,741,739
Profit and loss account			**(81,654,461)**		(32,675,251)
Equity attributable to owners of the parent Company			**4,088,945**		53,068,155

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

M J Sweetland
Director

Date: 19th December 2017

The notes on pages 17 to 41 form part of these financial statements.

Perfect Home Holdings Limited
Registered number:6016659

Company Statement of Financial Position

As at 1 April 2017

	Note		1 April 2017 £		As restated 26 March 2016 £
Fixed assets					
Investments	13		**4,088,945**		53,067,125
			4,088,945		53,067,125
Current assets					
Debtors: amounts falling due after more than one year	15	**80**		93	
Debtors: amounts falling due within one year	15	**15**		11	
Cash at bank and in hand	17	**2,509**		2,539	
		2,604		2,643	
Creditors: amounts falling due within one year	18	**(130)**		(130)	
Net current assets			**2,474**		2,513
Total assets less current liabilities			**4,091,419**		53,069,638
Creditors: amounts falling due after more than one year	19		**(1,723)**		(1,163)
Net assets			**4,089,696**		53,068,475
Capital and reserves					
Called up share capital	25		**1,667**		1,667
Capital redemption reserve			**85,741,739**		85,741,739
Profit and loss account			**(81,653,710)**		(32,674,931)
			4,089,696		53,068,475

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the period was £48,978,779 (2016: £32,674,710).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19|12|17

M J Sweetland
Director

The notes on pages 17 to 41 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Period Ended 1 April 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 27 March 2016	1,667	85,741,739	(32,675,251)	53,068,155	53,068,155
Comprehensive income for the period					
Loss for the period	-	-	(48,979,210)	(48,979,210)	(48,979,210)
Total comprehensive income for the period	-	-	(48,979,210)	(48,979,210)	(48,979,210)
At 1 April 2017	1,667	85,741,739	(81,654,461)	4,088,945	4,088,945

Consolidated Statement of Changes in Equity

For the Period Ended 26 March 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 April 2015 (As restated)	1,667	85,741,739	(23,745,514)	61,997,892	61,997,892
Comprehensive income for the period					
Loss for the period	-	-	(8,929,737)	(8,929,737)	(8,929,737)
Total comprehensive income for the period	-	-	(8,929,737)	(8,929,737)	(8,929,737)
At 26 March 2016 (As restated)	1,667	85,741,739	(32,675,251)	53,068,155	53,068,155

The notes on pages 17 to 41 form part of these financial statements.

Company Statement of Changes in Equity

For the Period Ended 1 April 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 27 March 2016	1,667	85,741,739	(32,674,931)	53,068,475
Comprehensive income for the period				
Loss for the period	-	-	(48,978,779)	(48,978,779)
Total comprehensive income for the period	-	-	(48,978,779)	(48,978,779)
At 1 April 2017	1,667	85,741,739	(81,653,710)	4,089,696

Company Statement of Changes in Equity

For the Period Ended 26 March 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015 (As restated)	1,667	85,741,739	(221)	85,743,185
Comprehensive income for the period				
Loss for the period	-	-	(32,674,710)	(32,674,710)
Total comprehensive income for the period	-	-	(32,674,710)	(32,674,710)
At 26 March 2016 (As restated)	1,667	85,741,739	(32,674,931)	53,068,475

The notes on pages 17 to 41 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Period Ended 1 April 2017

	1 April 2017 £	26 March 2016 £
Cash flows from operating activities		
Loss for the financial period	**(48,979,210)**	(8,929,737)
Adjustments for:		
Depreciation of tangible assets	**2,757,710**	1,846,088
Interest payable	**2,149,280**	1,970,376
Interest receivable	**(4,648)**	(2,455)
Taxation charge	**561,925**	2,414,484
Decrease/(increase) in stocks	**4,831,410**	(2,912,657)
Decrease in debtors	**34,888,542**	10,833,640
Increase/(decrease) in creditors	**10,334,320**	(3,856,996)
Increase in provisions	**-**	1,440,000
Corporation tax received/(paid)	**20,551**	(79,296)
Net cash generated from operating activities	**6,559,880**	2,723,447
Cash flows utilised by investing activities		
Purchase of tangible fixed assets	**(1,519,060)**	(1,677,646)
Sale of tangible fixed assets	**96,108**	-
Interest received	**4,648**	2,455
HP interest paid	**(27,653)**	(27,045)
Net cash utilised by investing activities	**(1,445,957)**	(1,702,236)
Cash flows utilised by financing activities		
Payment of loans	**(3,108,018)**	-
Other new loans	**-**	1,119,327
Repayment of/new finance leases	**-**	30,346
Interest paid	**(2,121,627)**	(1,943,331)
Net cash utilised by financing activities	**(5,229,645)**	(793,658)
Net (decrease)/increase in cash and cash equivalents	**(115,722)**	227,553
Cash and cash equivalents at beginning of period	**3,927,924**	3,700,371
Cash and cash equivalents at the end of period	**3,812,202**	3,927,924
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**3,812,202**	3,927,924

Notes to the Financial Statements
For the Period Ended 1 April 2017

1. General information

The company is a private company limited by shares and is incorporated in England. The address of its registered office is Coleshill Manor, Coleshill Manor Office Campus, Coleshill, West Midlands, B46 1DL.

The financial statements are presented in Sterling (£).

The principal activity of the company during the year was that of a holding company.

The principal activities of the Group during the year were the sale of home furniture, appliances and other products to domestic customers on hire purchase agreements and the provision of related services, maintenance and other financing agreements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 April 2014.

Notes to the Financial Statements
For the Period Ended 1 April 2017

2. Accounting policies (continued)

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations of the group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- The requirement to present related party disclosures between parent company and fellow subsidiaries where ownership is all 100%; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole

2.3 Going concern

The group has in place facilities from a previous shareholder of £16.8m. Since the year-end this facility has been renegotiated and is now due for repayment not later than 31 December 2019.

In addition, the group had a facility with Wells Fargo Asset Finance Limited of up to £20m depending on the security available. This facility was repaid and terminated on 1 December 2017 and replaced by a facility of up to £50m from Kaluga Investments S.A.R.L., repayable by 31 March 2022, based on eligible assets and with a drawdown rate of 45% initially. The initial draw-down based on the asset base as of the date of closing was £9.8m.

The directors have prepared forecasts for the period ending 31 March 2023. The forecasts assume that growth will be commensurate with the available facilities which are therefore sufficient to support the group's current business plan for the next 12 months.

On this basis, the directors have concluded that the Group and parent company will remain a going concern and be able to pay their creditors as they fall due for a period of not less than 12 months from the date of approval of the financial statements.

Notes to the Financial Statements
For the Period Ended 1 April 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods
The group is deemed to be a "dealer". Accordingly, turnover relating to the sale of product is recognised on delivery rather than the inception of the hire purchase contract.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership have been transferred to the buyer, which is taken to be on delivery. An assessment is made of the likelihood of customers returning goods and a provision is made against sales to reflect the likely diminution in turnover caused by such returns.

The profit relating to the sale of goods is restricted to the excess of the fair value of the asset over the cost of that asset to the group.

Extended warranties, service agreements and insurance
Goods sold to customers by the company are usually under hire purchase contracts and often in conjunction with service agreements (such as PerfectCare) and extended warranties. Service agreements and extended warranties are sold under fixed sum loan agreements.

Income relating to extended warranties and service agreements is recognised to allocate earnings evenly over the period of the contract. Insurance policies are recognised over the term of the lease.

Interest receivable under hire purchase contracts
Hire purchase agreements enable the customer to acquire title though a purchase option after payment of all required payments. The directors believe that, at the point of the initial sale, it is the intention of both the group and the customer that the customer should acquire ownership of the goods sold. Previously whilst the Coverplus service agreements entered in to with customers technically enabled customers to return goods without penalty under certain conditions, these conditions were often not satisfied and the agreements are rarely utilised for this purpose. In the year ended 31 March 2015 the group replaced the Coverplus warranties with PerfectCare which has no right to return. The customer therefore retains substantially all the risks and rewards of ownership. Accordingly, agreements entered into are treated as hire purchase contracts.

Interest under hire purchase contracts is allocated to accounting periods so as to give a constant periodic rate of return on the group's net cash investment in the lease in each period.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

For the Period Ended 1 April 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 20% straight line
Plant and equipment	- 20% straight line
Motor vehicles	- 33% straight line
Fixtures and fittings	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

2.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the lease term.

2.7 Lease incentives

Contributions from lessors towards fixtures, fittings and similar items which benefit the group but do not enhance the overall value of the property such that no benefit flows to the lessor are treated as lease incentives as are rent free periods. The benefit to the group is spread over the entire lease period. Contributions that enhance the value of the property are treated as a reimbursement of fixed asset expenditure and are recognised in accordance with the fixed asset category of the asset in respect of which the contribution has been received.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements
For the Period Ended 1 April 2017

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements
For the Period Ended 1 April 2017

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.15 Finance costs

Finance costs are charged to the profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.17 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

Notes to the Financial Statements
For the Period Ended 1 April 2017

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of financial statements requires management to make significant judgements and estimates. The areas where these judgements and estimates have been made include;

Revenue recognition
The hire purchase agreements provided are deemed to be classified as finance leases in accordance with FRS 102 Section 20 paragraph 5. As the goods are sold under finance leases revenue is recognised at the initial point of sale as the group is deemed to be a "dealer", with the finance income spread over the term of the agreement.

The directors have assessed that goods are advertised for sale at amounts not significantly higher than the group's competitors and therefore not considered to be in excess of the 'market rate'.

Other provisions
The group has been subject to an ongoing review by the FCA (as set out in note 31). There is uncertainty regarding the outcome of these matters, and the directors have made an informed assessment of the likely outcome and made provisions where they consider appropriate.

The group also have onerous lease and dilapidation provisions, linked to a number of store closures during the year. Again, there is uncertainty regarding the outcome of these matters, especially the extent of costs involved and so the directors have made an informed assessment of the likely outcome and made provisions where they consider appropriate.

Deferred tax
The group has deferred tax losses brought forward. A deferred tax asset has been recognised relating to these losses to the extent that the directors anticipate that they will reverse in the forseeable future, based on the group's current forecast.

Bad debt provision
Trade debtors consist of amounts due from customers. An allowance for doubtful debt is maintained for estimated losses resulting from the viability of the group's customers to make required payment. The allowance is based on the group's regular assessment of the credit worthiness and financial conditions of customers.

Stock provision
Certain factors could affect the realisable value of the group's stocks including customer demand and market conditions. The group considers usage, anticipated sales price, effect of new product introductions, product obsolescence and other factors when evaluating the value.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the financial year.

Notes to the Financial Statements
For the Period Ended 1 April 2017

4. Turnover

The whole of the turnover is attributable to the group's principal activity.

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	**59,387,269**	62,775,294
Malta	**3,353,595**	7,479,700
	62,740,864	70,254,994

Turnover includes interest from hire purchase contracts amounting to £27,528,699 (2016: £28,291,116).

5. Operating loss

The operating loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	**2,757,709**	1,846,088
Operating lease rentals - plant and machinery	**1,193,597**	1,286,231
Operating lease rentals - other operating leases	**13,213,276**	4,717,920

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Group's auditor in respect of:		
The audit of the Group's consolidated financial statements	**12,825**	12,500
Fees payable to the Group's auditor in respect of:		
The audit of the Group's subsidiary financial statements	**36,175**	35,200
Fees payable to the Group's auditor in respect of:		
Financial statement preparation	**3,000**	3,000
VAT services	**132,450**	100,000
Expenses	**2,841**	2,410

Notes to the Financial Statements

For the Period Ended 1 April 2017

7. Employees and directors

Staff costs, including directors' remuneration, were as follows:

	Group 1 April 2017 £	Group 26 March 2016 £
Wages and salaries	**13,846,036**	15,217,459
Social security costs	**1,370,797**	1,383,876
Cost of defined contribution scheme	**274,506**	279,165
	15,491,339	16,880,500

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

	2017 No.	2016 No.
Warehouse and distribution	**106**	120
Store staff	**396**	486
Admin staff	**103**	58
	605	664

The Company has no employees other than the directors, who did not receive any remuneration (2016: £NIL).

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**713,361**	688,815
Directors' pension costs	**45,928**	61,106
	759,289	749,921

During the period retirement benefits were accruing to 3 directors (2016: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £279,047 (2016 -£279,851).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,588 (2016: £22,765).

Notes to the Financial Statements

For the Period Ended 1 April 2017

9. Interest receivable

	2017 £	2016 £
Interest from group companies	**4,648**	2,455

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	**2,087**	-
Mortgage interest payable	**2,119,540**	1,943,331
Finance leases and hire purchase contracts	**27,653**	27,045
	2,149,280	1,970,376

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax charge/(credit) on loss for the period	**561,925**	(593,516)
	561,925	(593,516)
Total current tax	**561,925**	(593,516)
Deferred tax		
Origination and reversal of timing differences	-	3,008,000
Total deferred tax charge	-	3,008,000
Taxation charge on loss on ordinary activities	**561,925**	2,414,484

Notes to the Financial Statements

For the Period Ended 1 April 2017

11. Taxation (continued)

Factors affecting tax charge for the period

The tax charge assessed for the period is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	**(48,417,285)**	(6,515,253)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 -20%)	**(9,683,457)**	(1,303,051)
Effects of:		
Expenses not deductible for tax purposes	**2,861,241**	-
Impact of different tax rate overseas	**561,925**	709,535
Deferred tax asset not recognised	**6,822,216**	-
Deferred tax prior year adjustment	**-**	3,008,000
Total tax charge for the period	**561,925**	2,414,484

Notes to the Financial Statements

For the Period Ended 1 April 2017

12. Tangible fixed assets

Group

	Leasehold Improve-ments £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 27 March 2016	10,458,961	381,639	516,062	5,040,456	16,397,118
Additions	181,379	-	140,869	1,196,812	1,519,060
Disposals	-	-	(96,108)	-	(96,108)
At 1 April 2017	10,640,340	381,639	560,823	6,237,268	17,820,070
Depreciation					
At 27 March 2016	8,760,116	381,639	275,214	3,174,397	12,591,366
Charge for the period on owned assets	1,491,649	-	66,169	1,199,891	2,757,709
At 1 April 2017	10,251,765	381,639	341,383	4,374,288	15,349,075
Net book value					
At 1 April 2017	388,575	-	219,440	1,862,980	2,470,995
At 26 March 2016	1,698,845	-	240,848	1,866,059	3,805,752

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	1 April 2017 £	26 March 2016 £
Motor vehicles	219,440	240,848

Notes to the Financial Statements

For the Period Ended 1 April 2017

13. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Perfect Home Finance Limited	Ordinary	100%	Intermediate holding company

Indirect Subsidiary undertakings

The following were indirectly held subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Temple Retail Limited	Ordinary	100%	Retail
Temple Finance Limited	Ordinary	100%	Provision of finance
Coleshill Finance Services Limited	Ordinary	100%	Holding company
Coleshill Holdings Limited	Ordinary	100%	Insurance services
Coleshill Investments Limited	Ordinary	100%	Holding company

Notes to the Financial Statements
For the Period Ended 1 April 2017

13. Fixed asset investments (continued)

Company

	Investments in subsidiary undertaking £
Cost	
At 27 March 2016	85,741,739
At 1 April 2017	85,741,739
Impairment	
At 27 March 2016	32,674,614
Charge for the period	48,978,180
At 1 April 2017	81,652,794
Net book value	
At 1 April 2017	4,088,945
At 26 March 2016	53,067,125

14. Stocks

	Group 1 April 2017 £	Group 26 March 2016 £	Company 1 April 2017 £	Company 26 March 2016 £
Finished goods and goods for resale	4,418,669	9,250,079	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the period as an expense was £19,640,000 (2016: £24,675,830).

An impairment loss of £800,000 (2016: £335,193) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

Notes to the Financial Statements

For the Period Ended 1 April 2017

15. Debtors

	Group	Group As restated	**Company**	Company As restated
	1 April 2017	26 March 2016	**1 April 2017**	26 March 2016
	£	£	**£**	£
Due after more than one year				
Net investment in HP contracts (note 16)	**11,213,310**	31,265,714	**-**	-
Amounts owed by group undertakings	**-**	-	**80**	93
Loan agreements receivable	**3,439,936**	3,702,354	**-**	-
Deferred tax asset	**992,000**	992,000	**-**	-
	15,645,246	35,960,068	**80**	93

	Group	Group As restated	**Company**	Company As restated
	1 April 2017	26 March 2016	**1 April 2017**	26 March 2016
	£	£	**£**	£
Due within one year				
Net investment in HP contracts (note 16)	**15,824,343**	22,679,557	**-**	-
Loan agreements receivable	**1,873,852**	6,957,465	**-**	-
Other debtors prepayments and accrued income	**9,250,541**	11,885,434	**15**	11
	26,948,736	41,522,456	**15**	11

An impairment loss of £22,841,007 (2016: £24,226,265) was recognised against trade debtors.

16. Net investment in HP contracts and loan agreements

	1 April 2017 £	26 March 2016 £
Gross investment		
Not later than one year	**50,661,429**	66,359,487
Later than one year and not later than five years	**41,945,203**	52,968,152
Unearned finance income	**(34,543,144)**	(43,264,071)
Bad debt provision	**(25,712,047)**	(11,458,468)
	32,351,441	64,605,100
Present value of minimum lease payments receivable		
Not later than one year	**17,698,195**	29,637,032
Later than one year and not later than five years	**14,653,246**	34,968,068
	32,351,441	64,605,100

17. Cash and cash equivalents

	Group 1 April 2017 £	Group 26 March 2016 £	Company 1 April 2017 £	Company 26 March 2016 £
Cash at bank and in hand	**3,812,202**	3,927,924	**2,509**	2,539

Included within cash is £2,788,747 (2016: £2,053,901) held in the group's captive entity in Malta to cover theft and accidental damage ('TAD') claims under TAD insurance policies held by customers, and as such is not available to the group to fund day-to-day working capital requirements.

The Group has a bank facility of £75,000 and items of security including both a cross guarantee and debenture between Group entities.

Notes to the Financial Statements
For the Period Ended 1 April 2017

18. Creditors: Amounts falling due within one year

	Group 1 April 2017 £	Group 26 March 2016 £	**Company 1 April 2017 £**	Company 26 March 2016 £
Other loans (note 19)	**17,061,831**	15,209,468	**-**	-
Trade creditors	**5,517,675**	5,777,261	**-**	-
Corporation tax	**895,517**	354,143	**-**	-
Taxation and social security	**376,945**	1,951,028	**-**	-
Obligations under finance lease and hire purchase contracts	**101,686**	104,208	**-**	-
Other creditors	**978,790**	923,109	**130**	130
Accruals and deferred income	**5,466,260**	6,523,792	**-**	-
	30,398,704	30,843,009	**130**	130

The hire purchase creditor is secured on the assets concerned.

19. Creditors: Amounts falling due after more than one year

	Group 1 April 2017 £	Group 26 March 2016 £	**Company 1 April 2017 £**	Company 26 March 2016 £
Bank loans	**4,064,165**	-	**-**	-
Other loans	**-**	9,024,546	**-**	-
Obligations under finance lease and hire purchase contracts	**81,318**	90,569	**-**	-
Amounts owed to group undertakings	**-**	-	**1,723**	1,163
	4,145,483	9,115,115	**1,723**	1,163

At the balance sheet date, the group had a revolving credit facility of up to £20m (2016: £20m), dependant on the level of security with Burdale Financial Limited, a subsidiary of Wells Fargo Bank, repayable on 31 July 2018. The interest rate on this loan was Libor plus 3.5%. This was subsequently repaid in December 2017 (see note 31), and replaced with a capped facility of up to £50m.

Other loans in the prior period comprised of bonds which were due for repayment on 30 June 2016. These were then rolled forward for another year to 30 June 2017. The bonds carry a coupon of 12%.

Notes to the Financial Statements
For the Period Ended 1 April 2017

20. Borrowings due outside one year

Borrowings due outside one year are repayable as follows:

	1 April 2017 £	26 March 2016 £
Amounts payable between one and five years		
Other loans (note 19)	-	9,024,546

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due within one year as disclosed in 18 and between 2 and 5 years as disclosed in note 19.

22. Financial instruments

	Group 1 April 2017 £	Group 26 March 2016 £	**Company 1 April 2017** £	Company 26 March 2016 £
Financial assets				
Cash and cash equivalents	**3,812,202**	3,927,924	**2,509**	2,539
Financial assets measured at amortised cost	**32,351,441**	64,605,090	**80**	93
	36,163,643	68,533,014	**2,589**	2,632
Financial liabilities				
Financial liabilities measured at amortised cost	**(33,271,725)**	(37,652,953)	**(1,853)**	(1,293)

Cash and cash equivalents comprise cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours (see note 17).

Financial assets measured at amortised cost comprise net investments in HP contracts, loan agreements receivable, amounts owed by group undertakings and trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, obligations under finance lease and hire purchase contracts, accruals and other loans.

Notes to the Financial Statements

For the Period Ended 1 April 2017

23. Deferred taxation

Group

	2017 £
At beginning of year	992,000
Charged to profit or loss	-
At end of year	992,000

The deferred tax asset is made up as follows:

	Group 1 April 2017 £
Tax losses recognised	992,000
	992,000

24. Provisions

Group

	Onerous lease provision £	Dilapidation provision £	Other provision £	Total £
At 27 March 2016	-	-	1,440,000	1,440,000
Charged to profit or loss	12,272,716	950,000	-	13,222,716
At 1 April 2017	12,272,716	950,000	1,440,000	14,662,716

Notes to the Financial Statements
For the Period Ended 1 April 2017

25. Share capital

	1 April 2017 £	26 March 2016 £
Shares classified as equity		
Allotted, called up and fully paid		
95,810,968 A ordinary shares shares of £0.001 each	**958**	958
66,670,000 B ordinary shares shares of £0.001 each	**667**	667
4,190,043 C ordinary shares shares of £0.001 each	**42**	42
	1,667	1,667

Dividends

The B ordinary shares are not entitled to a dividend until certain conditions included in the memorandum of association are met.

Return of capital and realisation

In the event of a winding up of the company or a realisation, the surplus assets or proceeds of realisation are first applied to pay the holders of A and C ordinary shares amounts paid up on the shares plus any arrears of dividends. Secondly, the holders of A and C ordinary shares shall receive the first return target (as defined by the company's articles of association). In the event that the holders of A and C ordinary receive an amount less than the first return target, the holders of B ordinary shares receive 1p but have no rights to any further distributions. Once the holders of A and C ordinary shares receive an amount equal to the first return target, the assets will be distributed to all shareholders in line with the distribution matrix included in the memorandum of association.

Voting rights

The holders of A and C ordinary shares are entitled to attend and vote at general meetings of the company. The holders of the C ordinary shares receive 6 votes for every share held. The holders of B ordinary shares are entitled to attend general meetings but do not have any voting rights.

Notes to the Financial Statements

For the Period Ended 1 April 2017

26. Contingent liabilities

Bank borrowings

The company has entered into an unlimited guarantee in respect of its loan. As at 1 April 2017, the loan guaranteed was £17,061,831 (2016: £15,287,008). The company has guaranteed certain leases for properties occupied by a group company.

Income tax

HMRC have raised an enquiry into the corporation tax computations for the group for the year ended 31 March 2013 regarding the deductibility of GSOP payments by the company, which is currently on-going. If HMRC is successful in its challenge, there is a possibility of loss of corporation tax relief if the GSOP payment is ultimately treated as a distribution.

Furthermore, PAYE and NICs could be due and payable by the group. HMRC have issued a letter to the company stating that they currently consider the GSOP to be a tax avoidance scheme and that they are prepared to litigate to recover tax, including penalties and interest. The letter gives companies the option to settle with HMRC to avoid litigation. The group is in on-going discussions with HMRC in respect of GSOP arrangements which have not yet reached a conclusion.

The potential liability amounts to £475,000 (including interest but excluding potential penalties).

The group has obtained legal advice which indicates that the planning is robust and at this point in time the group believe that the payment is not probable but is possible as there is a small possibility that HMRC may be successful in their claim.

27. Capital commitm

The company had no capital commitments as at 1 April 2017 or 26 March 2016.

28. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund and amounted to £274,506 (2016: £279,165). Amounts totalling £36,709 (2016: £Nil) were payable at the year end.

Notes to the Financial Statements
For the Period Ended 1 April 2017

29. Commitments under operating leases

At 1 April 2017 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 1 April 2017 £	Group 26 March 2016 £
Not later than 1 year	**5,799,575**	5,716,581
Later than 1 year and not later than 5 years	**15,493,571**	17,539,018
Later than 5 years	**2,950,497**	5,865,531
	24,243,643	29,121,130

30. Related party transactions

As a wholly owned subsidiary, the company is exempt from the requirements of Section 33 of FRS 102 not to disclose transactions with other group companies as the parent company, Perfect Home Holdings Limited, prepares consolidated financial statements.

The company has no outstanding loan balances with directors in the current or prior year.

Notes to the Financial Statements
For the Period Ended 1 April 2017

31. Subsequent events after reporting date

Group Refinancing
In order to support the Group's business plan, a restructuring of its funding facilities has been undertaken which was completed on 5 December 2017. This involved the repayment of £2m to Aaron's and the extension of the remainder of its £16m facility to be repaid at the latest by 31 December 2019. In addition, the facility with Wells Fargo Asset Finance was replaced with a facility provided by Kaluga Investments S.A.R.L. with a cap of £50m, repayable by 31 March 2022.

Authorisation by the Financial Conduct Authority
The regulation of consumer credit firms was taken over by the Financial Conduct Authority in March 2014. As part of this, all consumer credit firms were granted Interim Permission to trade pending consideration of their applications for full authorisation. During the course of the last two years, the Group has worked towards satisfying the Regulator that its policies and procedures meet the required standards and that it has the necessary management and financial resources to meet the FCA's Threshold Conditions. Authorisation of Temple Finance Limited, a subsidiary company, was granted by the FCA on 14 December 2017.

VAT
The Group makes a mixture of exempt and taxable supplies and Temple Finance Limited, one of the Group's trading subsidiaries, applies a partial exemption method to calculate the amount of recoverable VAT incurred on costs which relate to taxable supplies. The directors proposed a Partial Exemption method which was not accepted by HMRC. Input tax claims therefore continued to be made on the Standard Method, with a Standard Method Over-ride to reflect use of certain overheads in respect of exempt supplies. This approach was challenged by HMRC, which considered that VAT had been over-recovered and raised assessments for amounts it believed were due in respect of the VAT returns up to and including March 2013.

The directors, having taken advice, believed that those assessments up to and including March 2010 were raised out of time and were not due. They also strongly contested the basis on which all the assessments were made and appealed them.

In addition, HMRC also raised assessments in the sum of £4,169,319 as at 30 April 2014, contending that cross charges between group companies were not made at open market value. These assessments contradicted independent transfer pricing reviews conducted for the Group which suggested that the Group's inter-company charges fell within an acceptable bench-marked range.

In a hearing in November 2015, the First Tier Tribunal found in favour of Perfect Home. HMRC appealed and the Upper Tier Tribunal heard these appeals in June 2017. Once again, The Tribunal found in favour of Perfect Home on all points and following this decision, HMRC notified the Group companies of its decision to withdraw its assessments. The Group has subsequently served on HMRC notice of a claim for costs in the sum of £525,000, which has yet to be agreed by HMRC.

Corporate restructuring
As part of the Group's response to changing market conditions, the restructuring that was in progress at the balance sheet date has continued and a further 23 stores were closed. The Group now trades out of 18 stores and via its transactional website. A provision for onerous leases and redundancy charges of £15.7m was taken in the year.

Notes to the Financial Statements
For the Period Ended 1 April 2017

32. Restated financial statements

A formatting error was made in the prior year whereby certain figures on the primary statements did not link through to the notes correctly. The Statement of Changes in Equity and the Debtors note were both correct, but the Statement of Financial Position did not include such numbers; this has now been corrected to ensure consistency throughout the financial statements.

In addition, amounts owed to and from group undertakings in the prior year have now been grossed up and accounted for within debtors due after more than one year (£93) and creditors falling due after more than one year (£1,163) respectively; see notes 15 and 19.

Such balances were adjusted to fair value in the prior year and therefore the final restatement, is in respect of the discounting of these balances.

33. Controlling party

The ultimate controlling party is Cabot Square Capital Nominee Limited.