
JANUARY LOAN SERVICES LIMITED

Annual Report

For the year ended 31 December 2015

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JANUARY LOAN SERVICES LIMITED

For the Year Ended 31 December 2015

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JANUARY LOAN SERVICES LIMITED

Group Information

| | |
|-----------------------------|---|
| DIRECTORS | Mr D Waters Mr D Campbell Mr H Landy Mrs E Gestetner |
| COMPANY SECRETARY | Mr D Waters |
| COMPANY NUMBER | 07096208 |
| REGISTERED OFFICE | 3 rd Floor Premiere House Elstree Way Borehamwood Hertfordshire WD6 1JH |
| INDEPENDENT AUDITORS | PricewaterhouseCoopers LLP Statutory Auditors 10 Bricket Road St. Albans Herts AL1 3JX |
| BUSINESS ADDRESS | 3 rd Floor Premiere House Elstree Way Borehamwood Hertfordshire WD6 1JH |

JANUARY LOAN SERVICES LIMITED

STRATEGIC REPORT

For the Year Ended 31 December 2015

The directors present their Strategic Report on the group for the year ended 31 December 2015.

REVIEW OF THE BUSINESS

Strategic overview

Following a strategic review of the Group in 2013, the directors determined to seek additional investment and funding to support their growth aspirations. In February 2014, Living Bridge made an equity investment into the wider Group and agreed to provide development capital of up to £23.5m, alongside a new senior debt facility, to support the growth investment in the lending operation. In November 2015 the senior debt facility was increased to £110.0m and a new mezzanine facility for £10.0m was also agreed.

During the year the group increased the size of its sales force to support the growth in both brokerage and lending volumes introduced by our business partners. Providing first class services to our customers remains a key priority of the Group and significant investment in infrastructure, technology and people were made during the year to support its growth.

The retained profits continue to be reinvested into the business with £nil dividends paid or proposed (2014: £nil).

Our business objective remains to be:

- The UK's leading intermediary focused originator and principle lender of specialist mortgages and loans;
- To deliver excellence in service and product innovation;
- Offer market competitive pricing across the product ranges for Mortgage Brokers and Independent Financial Advisors (IFAs) without prejudicing the credit quality of the loans underwritten; and to
- Achieve a scalable and compliant operating platform for our brokered business

Trading Performance

The period to 31 December 2015 was one of significant growth for the Group with revenues increasing across all operations with revenues increasing by 78%. The overall loan book closed at £133.2m (2014: £57.1m) and this was coupled with a sizeable increase in the volume of loans brokered and corresponding fees collected. Profit before taxation grew to £7.7m from £4.0m in the previous year, as the business continued to scale upwards. Prudential lending criteria ensured that no loan losses were incurred in the loan book

The Board manages and targets against a full suite of KPIs with particular focus on the following:

- New Business Levels – The board monitors the Groups increase in new business activity levels which has seen an increase of 50% when comparing 2015 activity versus 2014 levels
- New Business Loan Completions – The board monitors the Groups increase in new business loan completions levels which has seen an increase of 36% when comparing 2015 activity versus 2014 levels
- Loan Portfolio Growth – The board monitors the Groups loan portfolio and has seen the portfolio increase by 135% when comparing December 2015 balances against December 2014.

Financial Position

The Group's total equity increased by £6.9m to £15.4m at 31 December 2015 (2014: £8.5m). As described above the Group entered into new financing arrangements during the year. The key features of these facilities are described in note 17.

Market Position and Outlook

The Group maintains a leading market position in its chosen market. Looking forward to 2016 and beyond, the directors have plans in place to uplift volumes on both the brokerage and lending businesses, supported by the investments made during 2015.

JANUARY LOAN SERVICES LIMITED

STRATEGIC REPORT

For the Year Ended 31 December 2015

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risks and uncertainties continue to be that of the macro-economic environment and the changeable conditions that have been very evident to all in the last 10 years. In addition to this, management have continued to closely monitor the activity of the regulatory financial bodies within the UK. With the growth in the loan book, credit risk and interest rate risk have increased during the period. Interest rate risk arises as interest is earned on loans at a fixed rate, however senior and mezzanine funding is linked to LIBOR. There is no interest rate risk in the loans management operation as investors fund the loans at a fixed rate of interest and the Group earns a fixed management fee. Interest rate risk in the lending operation is limited to loans with a maturity of less than a year as loans with a maturity in excess of one year are predominantly linked to LIBOR. Both Credit and Interest rate risk is discussed by the Board. Concentration risk in the lending operations is monitored by Credit Committee and the subject of a formal monthly portfolio review.

The Board monitors three additional categories of risk: business risk, operational risk and compliance risk. To support the Group's growth a number of formal committees were established during 2014 to monitor and control the principal risks which are detailed below.

ManCo: meets monthly and consists of the senior managers across all businesses. ManCo's role is to ensure the business meets its financial and strategic objectives through good governance and providing an effective communication forum.

Credit Committee: the credit committee consists of the CEO, CFO and the managing directors of West One Loan. The Committee meets frequently to review pipeline and approve all new loans in accordance with agreed mandates. A monthly portfolio review reviews the performance of the loan pools.

RemCo: meets annually to approve commission and discretionary bonus schemes and pay reviews.

Audit Committee: has responsibility for review and approving audit plans, monitoring financial controls and approving the appointment of auditors.

The Board directly monitors compliance risk thoroughly monthly reporting and KPIs. The Board also monitors funding and liquidity risk, focusing on both short term and long term financing requirements.

FUTURE DEVELOPMENTS

The EU Mortgage Credit Directive is due to be implemented by the FCA in March 2016 and whilst it is still subject to debate and change our experienced Head of Compliance is building a team that will ensure that we position our operations at the forefront of regulatory developments. A detailed plan is in place to ensure that we meet the requirements of the directive and all of our underwriters have already commenced a training programme.

We continued to invest in our people, systems and infrastructure to support the delivery of a larger Group and our growth aspirations.

Approval

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


Mrs E Gestetner
Director

11/9/16
Date

JANUARY LOAN SERVICES LIMITED

DIRECTORS' REPORT

For the Year Ended 31 December 2015

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2015.

The principal activities of the group are the distribution and underwriting of specialist mortgages and the provision of short term finance through its lending operations

The Group is a private Group and is incorporated and domiciled in the UK. The address of its registered office is 3rd Floor, Premiere House, Elstree Way, Borehamwood, Hertfordshire, WD6 1JH.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were :

Mr D Waters
Mr D Campbell
Mr H Landy
Ms E Gestetner

Statement of directors' responsibilities

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

Company law requires the directors to keep reliable accounting records which allow financial statements to be prepared. In addition, the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (as adopted by the European Union). The financial statements are required to give a true and fair view of the state of affairs and profit or loss of the Company and Group for that year. In preparing these financial statements, the directors are required to

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgments and accounting estimates that are reasonable and prudent;
- ♦ state whether applicable International Financial Reporting 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 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.

JANUARY LOAN SERVICES LIMITED

DIRECTORS' REPORT

For the Year Ended 31 December 2015

Disclosure of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- that 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 establish that the Group's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were appointed auditors to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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


Mrs E Gestetner
Director

1.14.16.....
Date

Independent auditors' report to the members of January Loan Services Limited

Report on the financial statements

Our opinion

In our opinion:

- January Loan Services Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's profit and the group's and the company's cash flows for the year then ended;
 - the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
 - the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
 - the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Group and Company Statements of Financial Position as at 31 December 2015;
- the Group Statement of Comprehensive Income for the year then ended;
- the Group and Company Statement of Cash Flows for the year then ended;
- the Group and Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

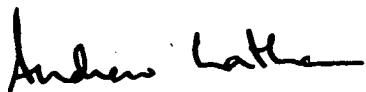
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
1 April 2016

JANUARY LOAN SERVICES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2015

| | | | As restated |
|---|-------------|-------------|--------------------|
| | | 2015 | 2014 |
| | Note | £ | £ |
| Revenue | 3 | 22,381,492 | 12,540,757 |
| Cost of sales | | (8,728,204) | (4,534,281) |
| Gross profit | | 13,653,288 | 8,006,476 |
| Administration expenses | | (3,965,001) | (2,467,317) |
| Other operating income | | 303,000 | - |
| Operating profit | 4 | 9,991,287 | 5,539,159 |
| Exceptional items | 4 | (543,114) | - |
| Profit on ordinary activities before interest and taxation | | 9,448,173 | 5,539,159 |
| Finance income | 7 | 1,728 | 81 |
| Finance costs | 8 | (1,770,456) | (1,512,210) |
| Profit on ordinary activities before taxation | | 7,679,445 | 4,027,030 |
| Tax expense | 9 | (723,015) | (511,108) |
| Profit for the year | | 6,956,430 | 3,515,922 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 6,956,430 | 3,515,922 |

JANUARY LOAN SERVICES LIMITED

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

| | Note | Group 2015 £ | As restated 2014 £ | Company 2015 £ | 2014 £ |
|--------------------------------------|------|--------------------|--------------------------|----------------------|------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | 252,878 | 236,156 | - | - |
| Goodwill and other intangible assets | 13 | 487,456 | 490,633 | - | - |
| Investments | 14 | - | - | 3,320,291 | 3,320,291 |
| Total non-current assets | | 740,334 | 726,789 | 3,320,291 | 3,320,291 |
| Current assets | | | | | |
| Trade and other receivables | 15 | 130,294,902 | 54,794,686 | 80 | 80 |
| Cash and cash equivalents | | 3,347,374 | 3,584,249 | 996 | 996 |
| Total current assets | | 133,642,276 | 58,378,935 | 1,076 | 1,076 |
| Total assets | | 134,382,610 | 59,105,274 | 3,321,367 | 3,321,367 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 18 | 7 | 7 | 7 | 7 |
| Share Premium Account | | 1,378,413 | 1,378,413 | 1,378,413 | 1,378,413 |
| Capital redemption reserve | | 3 | 3 | 3 | 3 |
| Retained earnings | | 14,053,392 | 7,096,962 | 1,836,017 | 1,836,330 |
| Total equity | | 15,431,815 | 8,475,385 | 3,214,440 | 3,214,753 |
| Non-current liabilities | | | | | |
| External borrowings | 17 | 114,623,998 | 48,410,018 | - | - |
| Current liabilities | | | | | |
| Trade and other payables | 16 | 3,941,808 | 2,026,850 | 106,927 | 106,614 |
| Current tax liabilities | | 384,989 | 193,470 | - | - |
| Total current liabilities | | 4,326,797 | 2,220,320 | 106,927 | 106,614 |
| Total liabilities | | 118,950,795 | 50,630,338 | 106,927 | 106,614 |
| Total equity and liabilities | | 134,382,610 | 59,105,724 | 3,321,367 | 3,321,367 |

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

on 1/14/16


Mrs E Gestetner
Director

Registered number: 07096208

The accompanying notes form part of the financial statements

JANUARY LOAN SERVICES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2015

| | Share capital £ | Share premium Account £ | Capital redemption reserve £ | Retained earnings £ | Total equity £ |
|---|-----------------------|----------------------------------|---------------------------------------|---------------------------|----------------------|
| At 1 January 2014 | 8 | 1,378,413 | 3 | 3,581,040 | 4,959,464 |
| Shares cancelled during the year | (1) | - | - | - | (1) |
| Total contributions by and distributions to owners | (1) | - | - | - | (1) |
| Profit for the financial year | - | - | - | 3,871,424 | 3,871,424 |
| Total comprehensive income for the year | - | - | - | 3,871,424 | 3,871,424 |
| At 31 December 2014 (as previously stated) | 7 | 1,378,413 | 3 | 7,452,464 | 8,830,887 |
| Prior year adjustment | - | - | - | (355,502) | (355,502) |
| At 1 January 2015 (as restated) | 7 | 1,378,413 | 3 | 7,096,962 | 8,475,385 |
| Profit for the financial year | - | - | - | 6,956,430 | 6,956,430 |
| Total comprehensive income for the year | - | - | - | 6,956,430 | 6,956,430 |
| At 31 December 2015 | 7 | 1,378,413 | 3 | 14,053,392 | 15,431,815 |

JANUARY LOAN SERVICES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2015

| | Share capital £ | Share premium Account £ | Capital redemption reserve £ | Retained earnings £ | Total equity £ |
|---|-----------------------|----------------------------------|---------------------------------------|---------------------------|----------------------|
| At 1 January 2014 | 8 | 1,378,413 | 3 | 2,184,402 | 3,562,826 |
| Shares cancelled during the year | (1) | - | - | - | (1) |
| Total contributions by and distributions to owners | (1) | - | - | - | (1) |
| Loss for the financial year | - | - | - | (348,072) | (348,072) |
| Total comprehensive expense for the year | - | - | - | (348,072) | (348,072) |
| At 31 December 2014 | 7 | 1,378,413 | 3 | 1,836,330 | 3,214,753 |
| Loss for the financial year | - | - | - | (313) | (313) |
| Total comprehensive expense for the year | - | - | - | (313) | (313) |
| At 31 December 2015 | 7 | 1,378,413 | 3 | 1,836,017 | 3,214,440 |

JANUARY LOAN SERVICES LIMITED

GROUP AND COMPANY STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2015

| | Group | As restated | Company | Company |
|---|---------------------|---------------------|----------------|----------------|
| | 2015 | Group | 2015 | 2014 |
| | £ | 2014 | £ | £ |
| | | £ | | |
| Cash flows from operating activities | | | | |
| Profit on ordinary activities before interest and taxation | 9,448,173 | 5,539,159 | (313) | (348,072) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 40,218 | 22,265 | - | - |
| Loss on disposal of investments | - | - | - | 258,068 |
| Amortisation of non-current assets | 51,992 | - | - | - |
| (Increase)/decrease in trade and other receivables | (73,523,173) | (47,707,255) | - | - |
| Increase/(decrease) in trade and other payables | (62,085) | (586,518) | 313 | 91,000 |
| Cash generated from/(used in) operations | (64,044,875) | (42,732,349) | | 996 |
| Interest received | 1,728 | 81 | - | - |
| Interest paid | (1,770,456) | (578,616) | - | - |
| Income taxes received/(paid) | (531,496) | (1,347,307) | - | - |
| Net cash generated from/(used in) operating activities | (66,345,099) | (44,658,191) | - | 996 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (56,940) | (481,999) | - | - |
| Payments for other intangible assets | (48,815) | - | - | - |
| Net cash used in investing activities | (105,755) | (481,999) | - | - |
| Cash flows from financing activities | | | | |
| New long term bank loan | 65,000,000 | 34,000,000 | - | - |
| Other new long term loans | 1,213,980 | 14,410,018 | - | - |
| Net cash generated from/(used in) financing activities | 66,213,980 | 48,410,018 | - | - |
| Net increase/(decrease) in cash and cash equivalents | (236,875) | 3,269,828 | - | 996 |
| Cash and cash equivalents at beginning of year | 3,584,249 | 314,421 | 996 | - |
| Cash and cash equivalents at end of year | 3,347,374 | 3,584,249 | 996 | 996 |

The accompanying notes form part of the financial statements.

1. Summary of significant Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1. Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the accounting policies set out below.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union and those parts of the Companies Act 2006 that are applicable.

1.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 31 December 2015. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

1.3. Revenue recognition

Revenue represents fees and procurement fees receivable in the period from the placement of specialist mortgages and interest receivable on bridging loans provided by the group. Fees are recognised on the drawdown of the loans while interest receivable is recognised over the life of the loan.

Interest income is recognised on a daily accruals basis, while management fees are earned on a monthly basis from our portfolio of loans under management. Provision is made to reduce the carrying value of a loan to its estimated recoverable amount.

1.4. Cost of sales

Cost of sales represent broker fees and bank loan finance costs directly attributable to bridging loans provided by the Group. Broker fees are recognised on the drawdown of the loans while bank interest payable is recognised in accordance with the terms of the facility (see Note 17).

1.5. Finance costs

Finance costs represent amounts charged on funding loans from fellow group companies further up the group. Finance costs are recognised using the effective interest method based on an annual rate of 14%, in accordance with the terms of the loan (see Note 17).

1. Summary of significant Accounting policies cont.

1.6. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.7. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, over its expected useful life as follows:

| | |
|-----------------------|---------------------------------|
| Leasehold improvement | - Straight line over lease term |
| Other fixed assets | - 30% reducing balance |

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

1.8. Intangible assets

Intangible assets are separately acquired non-financial assets initially stated at cost. Cost comprises the aggregate amount paid to acquire the asset. Amortisation is provided over the useful life of three to five years on a straight line basis. Assets are amortised from the date that the asset came into use.

1.9. Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1. Summary of significant Accounting policies cont.

1.10. Investments

Investments assets are recognised at cost less provision for impairment. A review of the carrying value of investments against an assessment of the recoverable amount is undertaken annually.

1.11. Impairment of financial & non-financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial or non-financial asset or group of assets is impaired. A financial or non-financial asset or a group assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss' event) and that loss event (or events) has an impact on the estimated future cash flows of the financial or non-financial asset or group of assets that can be reliably estimated.

1.12. Financial assets

1.12.1. Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise receivables, cash and commercial paper in the statement of financial position.

1.12.2. Recognition and measurement

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within interest income or expenses in the period in which they arise.

1.13. Derivative financial instruments and hedging activities

The Group has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

1. Summary of significant Accounting policies cont.

1.14. Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as remote. The reported figure now represents the gross loan advance less retained interest that has been received in advance for future interest payments due. In the 2014 financial statements the retained interest was reported as a liability.

1.15. Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise cash and cash equivalents and short term deposits with an original maturity of three months or less.

1.16. Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial.

1.17. Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any differences between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

1.18. Bank charges and fees

Arrangement fees on debt facilities are recognised on an amortised cost basis over the period of the facility, to redemption, within the statement of comprehensive income.

1.19. Leased assets

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.20. Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

1. Summary of significant Accounting policies (cont)

1.20. Share based payments (cont)

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

1.21. Foreign currency translation

The Group's financial statements are presented in GBP, which is also the Group's functional currency. All transactions occur in GBP.

1.22. Dividend distribution

Dividend distributions to the Group are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the Group's shareholders.

2. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.1. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful/economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

(b) Intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful/economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

(c) Doubtful debt provisions

Provisions for doubtful debts are based on the directors' prudent expectations of customers' likelihood of default.

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

3. Revenue

| | 2015 | As restated 2014 |
|------------------------------|-------------------|---------------------|
| | £ | £ |
| Continuing operations | | |
| Fees | 11,559,843 | 7,987,387 |
| Interest received on loans | 10,222,133 | 4,285,398 |
| Other income | 599,516 | 267,972 |
| | 22,381,492 | 12,540,757 |

£nil revenue was derived from exchanges of goods (2014: Nil). The total revenue of the Group for the period has been derived from its principal activities wholly undertaken in the United Kingdom.

4. Operating profit

This is stated after charging:

| | 2015 | 2014 |
|--|---------|--------|
| | £ | £ |
| Depreciation of tangible fixed assets | 40,218 | 22,265 |
| Amortisation of intangible assets | 51,992 | - |
| Operating lease charges | 131,688 | 51,724 |
| Audit fees payable to the Group's auditors | 27,650 | 24,500 |
| Other fees payable to the Group's auditors | 8,100 | 2,238 |
| Exceptional items: | | |
| Exit fees on re-financing of external borrowings | 390,653 | - |
| Exceptional professional expenses incurred | 152,461 | - |

5. Wages and salaries

The monthly average number of persons employed by the group (including directors) during the year was:

| | 2015 | 2014 |
|------------------------|-----------|-----------|
| | No. | No. |
| Sales & administration | 60 | 28 |
| | 60 | 28 |

Their remuneration was:

| | 2015 | 2014 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,154,163 | 1,431,811 |
| Social security costs | 236,661 | 152,365 |
| Staff costs | 2,390,824 | 1,584,176 |

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

6. Directors' remuneration

| | 2015 | 2014 |
|---|---------|---------|
| | £ | £ |
| Aggregate emoluments (including benefits in kind) | 612,020 | 657,250 |

Highest paid director

In respect of the highest paid director

| | 2015 | 2014 |
|----------------------|---------|---------|
| | £ | £ |
| Aggregate emoluments | 216,000 | 298,877 |

7. Finance income

| | 2015 | 2014 |
|---|--------------|-----------|
| | £ | £ |
| Other interest receivable | 1,728 | 81 |
| Total interest receivable and similar income | 1,728 | 81 |

8. Finance costs

| | 2015 | 2014 |
|---|------------------|------------------|
| | £ | £ |
| Parent company loans | 1,770,456 | 578,616 |
| Exceptional finance costs expensed in the year | - | 933,594 |
| Total interest payable and similar costs | 1,770,456 | 1,512,210 |

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

9. Tax expense

Tax charged in the income statement

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Current income tax: | | |
| Domestic corporation tax | 951,484 | 511,108 |
| Adjustments in respect of prior periods | (228,469) | - |
| Total current income tax | 723,015 | 511,108 |
| Deferred tax: | | |
| Total deferred tax | - | - |
| Tax expense | 723,015 | 511,108 |

Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.67%). The differences are reconciled below:

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Profit on ordinary activities before taxation | 7,679,445 | 4,382,532 |
| Tax calculated at UK standard rate of corporation tax of 20.25% (2014: 21.5%) | 1,555,088 | 942,244 |
| Depreciation add back | 18,672 | 4,822 |
| Capital allowances | (13,087) | (44,011) |
| Expenses not deductible for tax purposes | 38,351 | 50,347 |
| Group relief claims | (647,540) | (442,294) |
| Adjustments in respect of prior periods | (228,469) | - |
| Total tax expense reported in the income statement | 723,015 | 511,108 |

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 23% to 21% from 1 April 2015.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2014 on 29 June 2014. These reduce the main rate to 20% from 1 April 2016. The deferred tax assets and liabilities have been updated to reflect the reduction in the rates.

10. Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's statement of comprehensive income has not been included in these financial statements. The profit for the financial year is made up as follows:

| | 2015 £ | 2014 £ |
|---|--------------|------------------|
| Holding company's profit/(loss) for the financial year | (313) | (348,072) |

11. Prior year adjustment

During the year, the accounting policy relating to interest income was changed from a contractual monthly basis to a daily interest calculation, resulting in a prior year adjustment to reflect the income that would have been recognised in the prior period had this revised accounting policy been effective. The impact to prior year reserves is a reduction of £355,502.

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

**12. Property, plant and equipment
Group**

| | Leasehold improvements £ | Other fixed assets £ | Total £ |
|--|--------------------------------|----------------------------|----------------|
| Cost or valuation | | | |
| At 1 January 2015 | 197,790 | 63,563 | 261,353 |
| Additions | 12,459 | 44,481 | 56,940 |
| Disposals | - | - | - |
| At 31 December 2015 | 210,249 | 108,044 | 318,293 |
| Accumulated depreciation and impairment | | | |
| At 1 January 2015 | 4,647 | 20,550 | 25,197 |
| Depreciation charge for the year | 24,016 | 16,202 | 40,218 |
| On disposals | - | - | - |
| At 31 December 2015 | 28,663 | 36,752 | 65,415 |
| Net book value | | | |
| At 31 December 2015 | 181,586 | 71,292 | 252,878 |
| At 31 December 2014 | 193,143 | 43,013 | 236,156 |

**13. Goodwill and other intangible assets
Group**

| | Other intangible assets £ | Goodwill £ | Total £ |
|----------------------------------|------------------------------------|----------------|----------------|
| Cost | | | |
| At 1 January 2015 | 250,000 | 302,798 | 552,798 |
| Additions | 48,815 | - | 48,815 |
| At 31 December 2015 | 298,815 | 302,798 | 601,613 |
| Impairment | | | |
| At 1 January 2015 | - | 62,165 | 62,165 |
| Amortisation charge for the year | 51,992 | - | 51,992 |
| At 31 December 2015 | 51,992 | 62,165 | 114,157 |
| Net book value | | | |
| At 31 December 2015 | 246,823 | 240,633 | 487,456 |
| At 31 December 2014 | 250,000 | 240,633 | 490,633 |

The intangible assets include a contract entered into in December 2014 which will be amortised straight-line over its useful life of five years, and a development asset created in November 2015 which will be amortised straight-line over its useful life of three years.

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

14. Investments

Company

2015

£

Cost or valuation

At 1 January 2015 3,320,291

Additions -

Disposals -

At 31 December 2015 3,320,291

Impairment -

At 1 January 2015 and 31 December 2015 -

At 31 December 2015 3,320,291

At 1 January 2015 3,320,291

Details of all subsidiaries at 31 December 2015 as follows:

| Name of Subsidiary | Place of incorporation or registration | Proportion of ownership interest | Proportion of voting power held | Principal activity |
|-------------------------------|---|---|--|---|
| Enterprise Finance Limited | England and Wales | 100% | 100% | Placing second charge lending |
| Aura Finance (Holdco) Limited | England and Wales | 100% | 100% | Holding company of Aura Finance Limited |
| Aura Finance Limited | England and Wales | 100% | 100% | Provision of unregulated loans |

The aggregate amount of total shareholders' funds and the results of both direct & indirect undertakings for the last relevant financial period were as follows:

| | Principal activity | Total shareholders' funds | Total comprehensive income/ (expense) for the period |
|-------------------------------|--------------------------------|----------------------------------|---|
| | | 2015 | 2015 |
| | | £ | £ |
| Enterprise Finance Limited | Placing second charge lending | 6,782,077 | 3,037,098 |
| Aura Finance Limited | Provision of unregulated loans | 8,515,269 | 3,919,958 |
| Aura Finance (Holdco) Limited | Intermediate holding company | 3,275,149 | (313) |

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

15. Trade and other receivables

| | Group | | Company | |
|--|--------------------|-------------------|----------------|-------------|
| | Group | | Company | |
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Gross Loans and Advances | 133,211,306 | 57,050,621 | - | - |
| Less Retained Interest Received in Advance | (4,730,203) | (1,977,043) | - | - |
| Less Provisions for Bad Debt | (666,000) | (297,000) | - | - |
| Net Loans and Advances | 127,815,103 | 54,776,578 | - | - |
| Called up share capital not paid | 80 | 80 | 80 | 80 |
| Other debtors | 7,020 | 54,801 | - | - |
| Prepayments and accrued income | 2,472,699 | 195,227 | - | - |
| | 130,294,902 | 54,526,470 | 80 | 80 |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Retained Interest received in advance from borrowers relating to interest due in regard to future dated interest payment dates is now recognised as a reduction in nets assets (In 2014 retained interest was presented as a liability).

Amounts falling due after more than one year and included in the receivables above are:

| | 2015 | 2014 | 2015 | 2014 |
|--|-------------------|------------------|-------------|-------------|
| | £ | £ | £ | £ |
| Trade receivables – loans and advances | 20,482,960 | 8,812,095 | - | - |

None of the financial assets listed above fell due prior to 31 December 2015 and therefore no specific impairment is considered necessary.

The directors consider the fair value of all trade and other receivables to be equal to the carrying value as at the period end.

16. Trade and other payables

| | Group | | Company | |
|---------------------------------|------------------|------------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Current payables | | | | |
| Trade payables | 645,984 | 122,964 | - | - |
| Amounts owed to group companies | 1,648,821 | 876,925 | 106,926 | 106,513 |
| Other payables | 107,049 | 59,205 | 101 | 100 |
| Accruals and deferred income | 1,539,954 | 967,756 | - | - |
| | 3,941,808 | 2,026,850 | 106,927 | 106,613 |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The main item within deferred income is £654,274 of interest received in December 2015 of which part relates to January 2016

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

17. External borrowings

| | Group | | Company | |
|--|--------------------|-------------------|----------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Bank loans | 99,000,000 | 37,756,476 | - | - |
| Parent company loans | 15,623,998 | 10,653,542 | - | - |
| | 114,623,998 | 48,410,018 | - | - |
| Maturity of non-current payables | | | | |
| | Group | | Company | |
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Later than two years and not later than five years | 99,000,000 | 37,756,476 | - | - |
| Later than five years | 15,623,998 | 10,653,542 | - | - |
| | 114,623,998 | 48,410,018 | - | - |

Bank loans of £99,000,000 (2014: £37,756,476) are secured by way of a fixed and floating charge over the assets of Aura Finance Limited. The company agreed a senior loan facility for £30m in February 2014 which was due to be repaid in full by 17 August 2016. In August 2014 the loan facility was increased to £40m and additional mezzanine facilities of £5.25m were agreed. In Nov 2015 the loan facility was increased to £110m with Mezzanine facilities increasing a further £5m to £15m. The repayment date for both facilities is now Nov 2018.

Interest on both senior and mezzanine debt is based upon the prevailing LIBOR + margin with commitment fees charged on undrawn amounts. The interest rates applicable on facilities are reset on a monthly basis. The margin is fixed for the period of the facility.

The directors consider the fair value of external borrowings to be equal to the carrying value as at the year end.

For parent company loans, the loans carry a pre agreed interest rate per annum and no charges. It is repayable at earlier of 31 December 2060 or earlier if agreed by both parties.

18. Share capital

| | 2015 | 2014 |
|---|----------|----------|
| | £ | £ |
| Issued and fully paid: | | |
| 729 Ordinary shares of £0.01 each | 7 | 7 |
| Total share capital held at 31 December 2015 | 7 | 7 |

19. Financial commitments

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

| | 2015 | 2014 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Land and buildings | | |
| Within one year | 138,600 | 38,000 |
| After one year but within five years | 351,000 | 427,000 |
| | 489,600 | 465,000 |

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

20. Share based payments

On 7 July 2015 Enterprise Finance Limited entered into an employee shareholder scheme granting 22,468 shares to 10 employees. The shares were issued over the £0.0001 Ordinary E shares of Newincco 1270 Limited, the ultimate parent company, with the substance of the contract being with Enterprise Finance Limited. The Ordinary E shares carry no rights to voting or dividends but do have rights to distribution on surplus assets on liquidation or capital reduction.

Enterprise Finance Limited has measured fair value of the employee shares by reference to the fair value of the equity instruments granted. The shares have therefore been valued by reference to the market value of the shares using the Black-Scholes model. No cash was received in consideration for the shares issued. As at the balance sheet date a total cost of £103,950 (2014: £nil) has been recognised in relation to the shares issued in the year. No options existed at 31 December 2015 for additional shares in Newincco 1270 Limited (2014: nil).

| | Weighted average exercise price (pence) 2015 | Number 2015 | Weighted average exercise price (pence) 2014 | Number 2014 |
|------------------------------------|--|-------------|--|-------------|
| Exercised during the year | - | 22,468 | - | - |
| Outstanding at the end of the year | | 22,468 | | - |
| | | | 2015 £ | 2014 £ |
| Weighted average share price | | | 4.6266 | - |
| Expected volatility | | | 5.0% | - |
| Risk-free interest rate | | | 1.8% | - |

JANUARY LOAN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

21. Related party transactions

Group

During the year the group were advanced working capital loans from the parent company, Enra Group Limited (Enra), of £3,200,000 (2014: £10,115,125). Interest of £1,770,456 (2014: £538,542) was charged on the loans. As at 31 December 2015 an amount of £15,623,998 (2014: £10,653,542) was payable to Enra in respect of these advances.

Separately the group received monies from Enra of £2,534,200 (2014: £1,100,000) in respect of cash advances. An amount of £2,034,200 (2014: £250,000) was repaid to Enra and costs of £494,205 (2014: £60,098) were paid by the group on behalf of Enra, while Enra made payments of £5,000 (2014: £72,000) on behalf of the group. As at 31 December 2015 an amount of £872,695 was payable to Enra (2014: £861,902).

During the year the group received monies on behalf of West One Loan Limited, a company under common control within the wider group, of £6,592,190 (2014: £15,023) and paid expenses on behalf of West One Loan Limited of £6,616,945 (2014: £nil). During the year, West One Loan Limited paid expenses on behalf of the group totalling £681,908 (2014: £nil). As at 31 December 2015 an amount of £672,176 (2014: £15,023) was due to West One Loan Limited.

During the year Newincco 1270 Limited, the ultimate parent company, paid expenses on behalf of the group totalling £103,950 (2014: £nil). As at 31 December 2015 an amount of £103,950 (2014: £nil) was due to Newincco 1270 Limited.

Company

During the year Enra Group Limited, the parent company, paid expenses on behalf of the company of £nil (2014: £72,000). As at 31 December 2015 the company owed £72,000 (2014: £72,000) to Enra Group Limited.

During the year Enterprise Finance Limited, a wholly owned subsidiary, made payments on behalf of the company of £313 (2014: £19,000). As at 31 December 2015 an amount of £34,826 (2014: £34,513) was payable to Enterprise Finance Limited.

22. Controlling parties

The immediate parent undertaking is Enra Group Limited.

The ultimate parent undertaking, the smallest and largest group to consolidate these financial statements is Newincco 1270 Limited. Copies of the Newincco 1270 Limited consolidated financial statements can be obtained from the Company Secretary at 3rd Floor, Premiere House, Elstree Way, Borehamwood, Hertfordshire, WD6 1JH.

The ultimate controlling party of the company for the period to 17 February 2014 and preceding period was Mr D Waters. There was no ultimate controlling party after this date.

23. Application of new and revised International Financial Reporting Standards (IFRSs)

The following standards and amendments to published standards which are not mandatorily effective but allow early adoption for the year ending 31 December 2015 have not been early adopted.

| Standard or interpretation | Effective for annual periods commencing on or after |
|---|--|
| IFRS 9 – Financial Instruments | Beginning on or after 1 January 2018 |
| IFRS 14 – Regulatory Deferral Accounts | Beginning on or after 1 January 2018 |
| IFRS 15 – Revenue from Contracts with Customers | Beginning on or after 1 January 2017 |

24. Financial instruments

The group's principal financial instruments include financial assets and liabilities such as loans and advances and trade creditors arising directly from operations and in addition director loans in order to adequately facilitate strategic growth.

Foreign currency risk

The group has no exposure to foreign currency risk. All of the Group's sales and purchases are denominated in GBP.

Credit risk

As a standard policy, all borrowers are subject to credit verification procedures. The loans provided by the group are secured against assets of the borrower with a loan to value ratio that reduces credit risk to an acceptable level.

Liquidity risk

The group manages its cash and borrowing in order to meet its working capital requirements, maximise interest income and minimise interest expense as effectively as possible.

Cash flow interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The interest rates and terms of repayment of the Group's bank loans are disclosed in note 17 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Except for the Group's bank borrowings and inter-company debt, the Group has no significant interest-bearing liabilities.

The Group hedges interest rate risk on loans & advances over one year through linking both interest bearing assets and liabilities to LIBOR to ensure margins are protected and risk of rate changes is minimised. For this reason, any change in the United Kingdom rates of LIBOR will have a manageable effect on the profitability of the Group.

25. Capital Risk Management

The Group manages its capital through ongoing review of the existing loan book against external funding redemptions to ensure that the Group has sufficient funds in place at all times to meet debt requirements as they arise. The Group capital management policy dictates that debt is drawn down only for immediate investment in trading loans.

Debt arrangements are entered into where management are able to earn a satisfactory premium on finance income against related finance costs. By linking longer term customer loans to LIBOR, the Group can manage the interest rate risk and ensure base capital is effectively managed without erosion.

As at 31 December 2015 the Group had external borrowings, including interest, of £99m (2014: £37.7m) together with loans from the wider group of £15.6m (2014: £10.7m). Total debt was therefore £114.6m (2014: £48.4m) and this was utilised entirely on the loan book in funding new business. As at 31 December 2015 the Group had a loan book valued at £133.2m (2014: £56.5m), of which only £20.4m (2014: £8.8m) related to long term advances. The Group held cash of £3.3m (2014: £3.6m) at the end of the financial year.

The Directors are fully satisfied that the capital management procedures are appropriately implemented and that controls around drawing and issuing of debt are operating effectively.