One Advice Group Limited

Annual report and financial statements

For the year ended 10 March 2014

Registered number 8123086

Contents

Strategic Report

This report has been prepared by the directors in accordance with the requirement of section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the Strategic Report is consistent with the financial statements. The auditor's report is set out on page 6.

Principal activity

The principal activity of the One Advice Group Limited group (the 'Group') is to provide the most appropriate financial solution to overly indebted individuals experiencing personal debt problems.

Business review

Management focus on the following key performance indicators ("KPIs") to assess the performance of the Group:

- Turnover
- Administrative expenses
- EBITDA
- Cash generation

Turnover increased to £44.3m (£22.8m for the period 28 June 2012 to 10 March 2013) as a result of growth in both the debt management plans ("DMP's") and individual voluntary arrangements ("IVA's"). The growth in DMP's and IVA's has been achieved by continued investment and development of the Group's own front end sales function, an increased focus on customer retention and growing the back book of both DMP and IVA customers through referral agreements with third party providers. During the year the Group also acquired a back book of c. 5,000 debt management customers, at the same time increasing its borrowing facility with PNC from £25m to £30m

Administrative expenses increased to £16.2m (£8.0m for the period 28 June 2012 to 10 March 2013) as the Group continued to strengthen its senior management team and invest in key support functions including IT, Compliance and Management Information to provide the necessary infrastructure to underpin the continued growth.

Total EBITDA for the year increased to £14.4m (£8.0m for the period 28 June 2012 to 10 March 2013). This is after making a provision for lease costs at Sale Point of £1.08m following the relocation to new premises as noted below.

The Group has continued to invest in its employees to support the growing business with an average work force of 583 across the year (487 as an average for the period to 10 March 2013). This growth has necessitated the Group to relocate to new premises at Jackson House in Sale on 22 April 2014, taking 50,000 square foot on a 10 year lease.

The Group re-organised its corporate structure in April 2013 to create a simplified structure following on from the July 2012 transaction in which RJD partners invested in the Group.

Cash generated from operating activities was 322% of total operating profit at £12.5m (£8.4m for the period 28 June 2012 to 10 March 2013). Interest payments increased to £1.4m (£0.9m for the period to 28 June 2012 to 10 March 2013).

Strategic Report (Continued)

Cash flows for capital investment and financial investment decreased by £7.8m to £12.9m (£20.7m for the period 28 June 2012 to 10 March 2013). 2013 included £15.6m investment in a subsidiary company as a result of the RJD Partners transaction in July 2012 and 2014 has seen an increase of £7.1m to £11.6m in expenditure on back book acquisitions.

Financing cash inflows decreased to £1.8m (£15.4m for the period 28 June 2012 to 10 March 2013). 2013 included an increase in the use of the PNC facility and injection of loan capital following the RJD Partners investment.

Principal risks and uncertainties

All businesses face a range of risks and uncertainties, being subject to risk factors from internal and external sources. The Board considers the likelihood and significance of risk factors when putting in place risk management procedures to ensure risk mitigation. The Board regularly reviews and updates the risk register. The following are considered to be the key risks facing the Group:

Regulatory change

Throughout the year the Group's principal debt solutions subsidiary was a member of the Debt Managers Standards Association ("DEMSA"), the industry's leading trade body. All DEMSA members are monitored in accordance with DEMSA's Office of Fair Trading ("OFT") approved code of conduct. Throughout the year Harrington Brooks Accountants Ltd operated under the OFT debt management guidance that was issued in March 2012.

From 1 April 2014 the Financial Conduct Authority ("FCA") has taken over regulatory control of consumer credit, which incorporates debt management firms. All debt management firms will be required to comply with the extensive rulebook created as part of this new regulatory regime.

Under the new FCA regime all providers will now have to use fee structures that enable creditor payments from month one of a debt management plan. The FCA has also provided guidance that no more than 50% of a client's payments should be taken in fees at any point. This is also aimed to help ensure that a reasonable proportion of a client's disposable income is being used to repay their debts. Quality of advice is another issue that the FCA is keen to address. The FCA is imposing strict rules about how firms go about controlling their client accounts which will include external audit periodically. In addition a firm will (in the future) need to demonstrate that they have sufficient financial resources to ensure that any business failure is unlikely and can be handled efficiently if it were to happen.

Where the FCA discovers breaches of their rules, or discovers any insufficient attention to "treating customers fairly" in general, it has substantial powers to impose penalties and restrictions.

The Group is able to operate in accordance with these new guidelines.

In January 2014 the subsidiary Castle Keep Law Ltd obtained its licence from the Solicitors Regulation Authority ("SRA") to be an Alternative Business Structure ("ABS"). Castle Keep Law Ltd is now able to provide legal services to the Group's customer base as well as to new customers.

The Group is also appropriately authorised for certain of its claims management activities, which are regulated by the Ministry of Justice.

Strategic Report (Continued)

Customers defaulting on plans

The Group's financial performance is sensitive to the rate of customers defaulting on their DMP's and IVA's. The Group has budgeted for a level of defaults and arrears on IVAs based on its historical experience. There is a risk that, due to external factors, the rate of default is higher than planned; however, the circumstances that may lead to increases in default are the same circumstances that are likely to lead to an increase in consumer demand for insolvency solutions. Key factors which may influence default rates include changes in unemployment levels, disposable incomes and interest rates.

The Group works with creditors and their representatives to freeze interest and charges on behalf of its customers and negotiate variations and revised payment plans on behalf of IVA customers to allow them to successfully manage financial disruptions and complete their plans.

IT systems

The Group invests in its IT systems and has successfully tested its disaster recovery capabilities. It has sufficient manpower to both develop and enhance the system capabilities and maintain performance of the existing system.

Post year end, the management and development of the IT infrastructure and operational systems was outsourced, so this risk is now managed through regular meetings with and contractual commitments from the outsourcing partner.

Marketplace

Changes in macroeconomic factors such as consumer indebtedness levels, unemployment levels and interest rates can all significantly affect the debt solutions market. The Group considers the probability of changes in these factors and the likely impact when producing business forecasts and by close monitoring of marketing effectiveness by channel and is able to quickly respond to any marketplace changes.

Funding requirements

The Group has a sizeable funding requirement due to the fact that revenues from customers on DMPs and IVAs are collected over a lifetime of the plan whereas the majority of Groups' operational costs are to acquire customers and set up and administer the plans. The Group has a £30m interest only facility with PNC Financial Services UK Limited. The Group monitors compliance against covenants on a monthly basis and liquidity requirements and headroom are reviewed frequently by reference to quarterly business forecasts.

By order of the board

M J Cheetham

Director

6/8/14

[Date]

Directors' report

The directors present their annual report and the audited financial statements for the year ended 10 March 2014.

Financial instruments

The Group's financial instruments comprise cash and liquid resources that arise directly from operations. The main purpose of financial instruments is to fund the Group's operations. As a matter of policy the Group does not trade in financial instruments, nor does it enter into any derivative transactions.

Dividends

No dividend has been paid or proposed in the current year (2013: £nil).

Directors

The directors who held office during the period and up to the date of the Directors' Report were as follows:

J Dillon

A Hay

M J Cheetham

T J Sweeney

R Grainger

Disclosure of information to auditor

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

Auditor

Our auditor, KPMG Audit Plc has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditors and a resolution concerning their appointment will be put to the forthcoming AGM of the company.

By order of the board:

Matthew Cheetham

Director

6/8/14.

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

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

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

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

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

Independent auditor's report to the members of One Advice Group Limited

We have audited the financial statements of One Advice Group Limited for the year ended 10 March 2014 set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with 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 statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site 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 of the parent company's affairs as at 10 March 2014 and of the group's loss for the year to 10 March 2014;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Richard Gabbertas (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Leeds
LS1 4DW

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Consolidated Profit and Loss Account
For the year ended 10 March 2014

	Note	Year ended 10 March 2014 £'000	Period from 28 June 2012 to 10 March 2013 £'000
Turnover	2	44,311	22,787
Cost of Sales		(24,190)	(12,168)
Gross Profit		20,121	10,619
Administrative Expenses		(16,229)	(8,035)
Group Operating Profit		3,892	2,584
Share of operating profits in associates		174	55
Total Operating Profit		4,066	2,639
Interest Receivable and similar income		2	2
Interest payable and similar charges	6	(4,095)	(2,423)
(Loss)/Profit on ordinary activities before taxation	3	(27)	218
Tax on (Loss)/Profit on ordinary activities	7	(711)	(167)
(Loss)/Profit for the year		(738)	51

All amounts relate to continuing operations. The notes on pages 12 to 29 form part of these financial statements.

There are no recognised gains or losses other than the profit for the year.

Consolidated Balance Sheet
As at 10 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	9	39,827	38,905
Investments in associates		24	41
Tangible assets	10	640	652
		40,491	39,598
Current assets			
Work in progress	11	460	249
Debtors	12	9,999	7,287
Cash at bank and in hand	13	9,666	6,414
		20,125	13,950
Creditors: amounts falling due within one year	14	(14,091)	(10,552)
Net current assets		6,034	3,398
Total assets less current liabilities		46,525	42,996
Creditors: amounts falling due after one year	15	(45,135)	(41,965)
Provision for liabilities	16	(1,087)	-
Net assets		303	1,031
Capital and reserves			
Called up share capital	19	10	10
Share premium account	20	980	970
Profit and loss account	20	(687)	51
Shareholders' funds		303	1,031

These financial statements were approved by the board of directors on 6/8/14 and were signed on its behalf by:

M J Cheetham
Director

Company Balance Sheet
As at 10 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investment in subsidiaries	8	720	720
		720	720
Current assets			
Debtors	12	990	980
		990	980
Creditors: amounts falling due within one year	14	(720)	(720)
Net current assets		270	260
Total assets less current liabilities		990	980
Net assets		990	980
Capital and reserves			
Called up share capital	19	10	10
Share Premium Account	20	980	970
Profit and loss account	20	-	-
Shareholders' funds		990	980

These financial statements were approved by the board of directors on ...6/8/14....and were signed on its behalf by:

M J Cheetham
Director

Consolidated Cash Flow Statement
For the year ended 10 March 2014

	Note	Year ended 10 March 2014 £'000	Period from 28 June 2012 to 10 March 2013 £'000
Net cash inflow from operating activities	22	**12,470**	8,359
Returns on investments and servicing of finance	23	**(1,293)**	(887)
Taxation		**(664)**	(679)
Capital expenditure and financial investment	23	**(12,881)**	(20,675)
Cash outflow before financing		**(2,368)**	(13,882)
Financing	23	**1,795**	15,387
(Decrease)/Increase in cash in the year		**(573)**	1,505

Reconciliation of net cash flow to movement in net debt

	Note	Year ended 10 March 2014 £'000	Period from 28 June 2012 to 10 March 2013 £'000
(Decrease)/increase in cash in the period		**(573)**	1,505
Cash (inflow) from increase in debt and lease financing	24	**(1,785)**	(14,406)
Change in net debt resulting from cash flows		**(2,358)**	(12,901)
Loans and finance leases acquired with subsidiary		**-**	(24,718)
Amortisation of finance costs and accrued interest	24	**(2,619)**	(1,575)
New finance leases		**-**	(73)
Movement in net debt in the year		**(4,977)**	(39,267)
Opening Net Debt		**(39,267)**	-
Closing Net Debt	24	**(44,244)**	(39,267)

The notes on pages 12 to 29 form part of these financial statements.

Reconciliation of movements in shareholders' funds
For the year ended 10 March 2014

Group	Note	Year ended 10 March 2014 £'000	Period ended 10 March 2013 £'000
Ordinary shares issued in year		-	10
Share premium		10	970
(Loss)/Profit for the year	20	(738)	51
Net (decrease)/increase in shareholders' funds		(728)	1,031
Opening shareholders' funds		1,031	-
Closing shareholders' funds		303	1,031

Company	Note	Year ended 10 March 2014 £'000	Period ended 10 March 2013 £'000
Ordinary shares issued in period		-	10
Share premium		10	970
Profit for the period	20	-	-
Net addition to shareholders' funds		10	980
Opening shareholders' funds		980	-
Closing shareholders' funds		990	980

Notes

(forming part of the financial statements)

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Preparation
The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Going Concern
The Group's business activities, together with the principal risks and uncertainties likely to affect its future development and position, are set out in the Strategic Report on pages 1 to 3.

On 14 July 2012, Harrington Brooks Limited, part of the group of which One Advice Group Limited is the ultimate parent company, increased its £11.5 million five year interest only facility with PNC Financial Services to £25 million. This was further increased on 13 September 2013 to £30 million. The increased facility along with Loan notes amounting to £23.3 million at the period end, held within Harrington Brooks Group Limited, provide the financing to the other group companies. All Group companies are party to a cross party guarantee on these facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility, be covenant compliant and meet repayments and other creditor payments as they fall due.

The directors have a reasonable expectation that the Company has adequate resources to service its debt commitments and continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of Consolidation
The Group financial statements consolidate the financial statements of One Advice Group Limited and all its subsidiary undertakings drawn up to 10 March 2014. One Advice Group Limited is the investment holding company for the Group. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of the acquisition or up to the date of disposal.

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

Turnover
The turnover in the group profit and loss account represents amounts in respect of the provision of financial solutions to individuals experiencing personal debt problems.

Turnover derived from management fees collected from clients for personal debt management plans (both initial and ongoing management fees), is recognised as earned, net of bad debt and is stated net of VAT.

Turnover from Individual Voluntary Arrangements (IVA) is recognised as follows:

- **Nominee fees** - on completion of a successful creditors' meeting.
- **Supervisory fees** - on a monthly basis, commencing from the month in which the nominee fee amount has been collected from the customer.

Turnover from commission income is recognised as earned.

Notes (Continued)

1. Accounting Policies (Continued)

Intangible fixed assets and amortisation
Intangible fixed assets can be split into five categories:

1) Goodwill
Goodwill represents the excess of the fair value of the consideration given and associated costs over the fair value of the net assets acquired. Goodwill arising on the acquisition of subsidiary undertakings and trading assets is capitalised at cost and subsequently amortised over its estimated useful life up to a maximum of 20 years. Goodwill arising on the acquisition of subsidiary undertakings is amortised on a straight line basis.

2) Back book and referral purchases
Expenditure on IVA and Debt Management back books is capitalised on the date of acquisition. Purchased back books are clients who have previously held an Arrangement with another provider and have made payments under that Arrangement, whereas referral purchases are clients who had entered an Arrangement with another provider but had not made any payments under that agreement at the date of acquisition. Capitalised back book and referral purchases are stated at cost less accumulated amortisation.

Amortisation is calculated as below:

IVA and Debt Management back books	Over a period that reflects a prudent assessment of attrition in the books.
IVA referral agreements	100% in the month of acquisition.
Debt Management referral agreements	Over a period that reflects a prudent assessment of attrition in the books.

3) Software development costs
Expenditure on development activities is capitalised if the process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is expensed as it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairments and written off over three years on a straight line basis.

4) Domain names
Domain names are acquired by the company and capitalised at cost. Renewal costs are charged through the profit and loss account as a business expense as incurred. Domain names are being written off over four years.

5) Website development costs
Website development costs are capitalised at cost. Minor website development costs are charged through the profit and loss account as a business expense as incurred. Capitalised website development costs are being written off over two years.

Fixed assets and depreciation
Tangible fixed assets are shown at cost, net of depreciation. Depreciation is calculated to write off the cost over the estimated useful economic lives as follows:

Furniture, fixtures & fittings and equipment	15% p.a. straight line basis
Computer equipment	33% p.a. straight line basis
Telephones	25% p.a. straight line basis
Property lease costs	20% p.a. straight line basis
Telephone software	33% p.a. straight line basis

Notes (Continued)

1. Accounting Policies (Continued)

Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset.

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Leases
Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in both short term and long term creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Work in progress
Work in progress is stated at the lower of cost and net realisable value.

Net realisable value is based on the estimated selling price less costs incurred during preparation for completion of the IVA.

Client money balances
Within cash balances are amounts received by the Group from clients; these are held within bank accounts which are segregated from and do not have a legal right of set-off with the Group's own bank accounts. Within these balances are fees due to the Group, with the remaining monies held on behalf of clients, payable to creditors under debt management plans and IVAs, and disclosed as 'Amounts held on behalf of clients payable to creditors' within 'Creditors: amounts falling due within one year'.

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

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

Finance costs
Expenditure incurred on arranging long term finance for the Group is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Investments
In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost, less amounts written off.

Contingent Consideration
Contingent consideration is based on a reasonable estimate of the fair value of amounts expected to be payable in the future in accordance with the acquisition agreement. The contingent consideration will be reassessed at least annually to take account of revised payment estimates. The contingent consideration is based on the future performance of the company acquired over a defined period. In the event the estimation of future payments changes, an adjustment will be made to the contingent consideration payable and associated goodwill on the balance sheet.

Provisions
A provision is recognised when there is a legal or constructive obligation arising from past events where it is probable that there will be an outflow of benefits that can be reliably estimated. The estimated outflow is managements best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Notes (Continued)

2. Turnover

	Group Year Ended 10 March 2014 £'000	Period from 28 June 2012 to 10 March 2013 £'000
Debt management plans	27,092	14,235
Individual voluntary arrangements	11,249	5,407
Other income	5,970	3,145
	44,311	22,787

3. (Loss)/profit on ordinary activities before taxation

	Group Year ended 10 March 2014 £'000	Period from 28 June 2012 to 10 March 2013 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	117	114
Other services relating to taxation	53	43
Other services	52	665
Depreciation of Tangible Assets	294	181
Amortisation of Intangible Assets	8,406	4,042
Amortisation of Goodwill	1,782	1,188
Operating leases		
Land and buildings	171	171
Other	14	14
Provision for onerous lease	1,087	-

4. Remuneration of directors

	Group Year ended 10 March 2014	Period from 28 June 2012 to 10 March 2013
The remuneration paid to the directors of the Group was:		
	£'000	£'000
Directors' emoluments	**529**	299
Company contributions to money purchase pension schemes	**103**	61

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £213,324 (8 month period to 10 March 2013: £122,223), and Company pension contributions of £47,236 (8 month period to 10 March 2013: £27,500) were made to a money purchase scheme on his behalf.

	Number of directors	
	2014	2013
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	2

Notes (Continued)

5. Staff numbers and costs

The average number of persons employed by the group (including directors) during the period was as follows:

	Group Year ended 10 March 2014	Period from 28 June 2012 to 10 March 2013
Directors, sales and administration	595	487

The aggregate payroll costs of these persons were as follows:

	Group Year ended 10 March 2014 £'000	Period from 28 June 2012 to 10 March 2013 £'000
Wages and salaries	13,587	7,343
Social security costs	1,230	658
Other pension costs	103	61
	14,920	8,062

6. Interest payable and similar charges

	Group Year ended 10 March 2014 £'000	Period from 28 June 2013 to 10 March 2013 £'000
Finance lease agreements	5	4
Other interest	6	-
Loan notes	2,560	1,535
Investor fees	82	-
Term debt	1,442	884
	4,095	2,423

Notes (Continued)

7. Taxation

Analysis of charge in period	Group Year ended 10 March 2014	Period from 28 June 2012 to 10 March 2013
UK corporation tax	**£'000**	£'000
Current tax on income for the period	**688**	348
25% Share of Associate current tax charge	**42**	14
Adjustment in respect of prior periods	**(69)**	(177)
Total current tax	**661**	185
Deferred Tax		
Origination and reversal of timing differences	**28**	(79)
Adjustments in respect of prior periods	**18**	62
Impact of change in rate	**4**	(1)
Total deferred tax	**50**	(18)
Tax on (loss)/profit on ordinary activities	**711**	167

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than (2013: higher than) the standard rate of corporation tax in the UK of 23.1% (2013: 24.1%). The differences are explained below:

	Year ended 10 March 2014	Period from 28 June 2012 to 10 March 2013
Current tax reconciliation		£'000
(Loss)/Profit on ordinary activities before tax	**(27)**	218
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK for the year ended 10 March 2014 of 23.1% (2013: 24.1%).	**(6)**	52
Effects of:		
Expenses not deductible for tax purposes	**763**	287
Depreciation for the year in excess of capital allowances	**(31)**	23
Adjustments in respect of prior periods	**(69)**	(177)
Other timing differences	**(2)**	-
Total current tax charge (see above)	**661**	185

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset/liabilities at 10 March 2014 have been calculated based on the rates of 20% as this was substantively enacted at the balance sheet date.

Notes (Continued)

8. Subsidiary Undertakings

Operation	Activity	Holding	Class of shares
Subsidiary Undertakings			
Harrington Brooks (Accountants) Limited	Debt Management	100%	Ordinary
One Advice Limited	Provision of IVAs	100%	Ordinary
Financial Claims Services (Sale) Limited	Claims handling services	100%	Ordinary
Fresh Start Financial Management Limited	Debt Management	100%	Ordinary
Billmaster Limited	Cash budgeting and supplier switching	100%	Ordinary
Harrington Brooks Limited	Intermediate holding company	100%	Ordinary
Harrington Brooks Group Limited	Intermediate holding company	100%	Ordinary
Ask Finance Limited	Insurance and Secured Loan Broking	100%	Ordinary
Castle Keep Law Limited	Legal Services	100%	Ordinary
Debtmatters Limited	Dormant	100%	Ordinary
Participating Interests			
iDebtPlan Limited	Debt Management	25%	Ordinary

Harrington Brooks Group Limited is directly owned and all other subsidiaries are indirectly owned. The investment in Harrington Brooks Group Limited is £720,000 made up of 720,000 shares of £1 nominal value.

Notes (Continued)

8. Subsidiary Undertakings (Continued)

On 14 July 2012, Harrington Brooks Group Limited a member of the group, acquired 100% of the share capital of Harrington Brooks Limited for a cash consideration (including costs) of £15.6 million.

	Book Value	Fair Value Adjustment	Fair Value
	£	£	£
Fixed assets			
Tangible	648	-	648
Goodwill	18,162	(18,162)	-
Backbook	4,013	-	4,013
	22,823	(18,162)	4,661
Current assets			
Debtors	7,006	-	7,006
Cash	-	-	-
	7,006	-	7,006
Current liabilities			
Creditors	(4,087)	-	(4,087)
Net current assets	**2,919**	-	**2,919**
Total assets less current liabilities	**25,742**	**(18,162)**	**7,580**
Non Current Liabilities	**(29,220)**	-	**(29,220)**
Net liabilities	**(3,478)**	**(18,162)**	**(21,640)**
Consideration			**15,572**
Goodwill			**37,212**

Notes (Continued)

9. Intangible fixed assets

Group	Back books and referral books	Systems, Website and domain names	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost				
As at 10 March 2013	20,683	1,050	35,642	57,375
Additions	11,557	-	-	11,557
Revaluation	-	-	(447)	(447)
As at 10 March 2014	32,240	1,050	35,195	**68,485**
Amortisation				
As at 10 March 2013	16,442	840	1,188	18,470
Charge for the period	8,200	206	1,782	10,188
As at 10 March 2014	24,642	1,046	2,970	**28,658**
Net Book value				
As at 10 March 2013	4,241	210	34,454	38,905
As at 10 March 2014	**7,598**	**4**	**32,225**	**39,827**

Notes (Continued)

10. Tangible fixed assets

Group	Leasehold Property £'000	Computers £'000	Furniture, fixtures and fittings £'000	Telephones £'000	Total £'000
Cost					
As at 10 March 2013	130	1,462	494	874	2,960
Additions	-	202	36	44	282
As at 10 March 2014	**130**	**1,664**	**530**	**918**	**3,242**
Depreciation					
As at 10 March 2013	41	1,151	403	713	2,308
Charge for the period	21	169	22	82	294
As at 10 March 2014	**62**	**1,320**	**425**	**795**	**2,602**
Net Book value					
As at 10 March 2013	89	311	91	161	652
As at 10 March 2014	**68**	**344**	**105**	**123**	**640**

The net book value of tangible fixed assets includes £50,636 (2013: £102,493) and depreciation charged in the period includes £51,856 (2013: £41,663) in respect of assets held under finance leases.

11. Work in Progress

	Group 2014 £'000	2013 £'000
Work in progress	460	249

Notes (Continued)

12. Debtors

	Group 2014 £'000	2013 £'000
Trade debtors	7,974	5,631
Deferred taxation asset	23	68
Prepayments and other debtors	2,002	1,588
	9,999	7,287

	Company 2014 £'000	2013 £'000
Amounts owed by other group companies	990	980
	990	980

Deferred taxation assets recognised in the financial statements are as follows:

	£'000	£'000
Opening balance	68	-
Prior year adjustment	5	-
Acquired in the period	-	50
Charge/(credit) for the year	(50)	18
	23	68

The elements of deferred taxation are as follows:		
Origination and reversal of timing difference	23	68
	23	68

	Company 2014 £'000	2013 £'000
Amounts owed by other group companies	990	980

13. Cash at bank and in hand

	Group 2014 £'000	2013 £'000
Cash held in client accounts	8,734	4,909
Other cash at bank and in hand	932	1,505
	9,666	6,414

Notes (Continued)

14. Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Trade creditors	**1,519**	727	-	-
Taxation and social security	**606**	547	-	-
Corporation tax liability	**462**	501	-	-
Finance lease creditor	**41**	48	-	-
Contingent consideration	**771**	362	-	-
Amounts held on behalf of clients payable to creditors	**8,734**	4,909	-	-
Amounts owed to other group companies	-	-	**720**	720
Other creditors and accruals	**1,958**	3,458	-	-
	14,091	10,552	**720**	720

15. Creditors: amounts falling due after one year

		Group	
		2014	2013
		£'000	£'000
Finance lease creditor		**1**	43
Loan notes	17	**23,270**	20,710
Contingent consideration		-	1,241
Term debt	17	**21,864**	19,971
		45,135	41,965

16. Provision for liabilities

	Group
	Onerous Lease
	£'000
At the beginning of the year	-
Charge to the profit and loss for the year	1,087
At end of the year	**1,087**

The charge to the profit and loss for the year relates to property costs, including an estimate relating to dilapidations on the lease at Sale Point following relocation to premises at Jackson House. The Group has started discussions with the landlord regarding options to secure a sub-tenant, or agree a final payment for surrender of the lease. It is envisaged that these discussions will be concluded during the next twelve months.

17. Borrowings

Group	Loan Notes	Bank Term Debt	Total
Interest rate	Fixed 12 %	Base Rate +4.5%	
Falling due:	£	£	£
Less than 1 year	-	-	-
Between 1 – 2 years	-	-	-
Between 2 – 5 years	23,269	21,864	45,133
More than 5 years	-	-	-
Total	**23,269**	**21,864**	**45,133**
Fair value	**23,269**	**21,864**	**45,133**

On 14 July 2012, the Group, increased its £11.5 million five year interest only facility with PNC Financial Services UK Limited by £13.5 million. The facility was further increased on 13 September 2013 to £30 million, to provide funds for further growth. The finance costs associated with variations to term debt are expensed straight away in the Profit and Loss Account. The finance costs incurred in raising the original finance are included in the Bank Term Debt and are being released to the Profit and Loss in equal instalments over the term of the facility. The finance costs included in bank term debt at the year end amounted to £197,521 (2013: £256,778).

The loan notes are repayable in equal instalments on 13 July 2018, 13 July 2019, and 13 July 2020.

18. Financial Instruments

The Group's financial instruments comprise cash and liquid resources that arise directly from operations. The main purpose of financial instruments is to fund the Group's operations. As a matter of policy the Group does not trade in financial instruments, nor does it enter into any derivative transactions.

The operations of the Group have been financed during the year through the loan notes and the bank facility put in place during the refinancing of the Group on 14 July 2012, and amended on 13 September 2013. These are disclosed in the relevant notes.

All of the Group's cash balances and short term deposits are held in such a way that enables the correct balance of access to working capital and a competitive rate of interest to be achieved. Working capital requirements are constantly monitored.

The key risks to the Group and the policies adopted by the directors to minimise their effect on the Group are as stated in the Strategic Report, which includes the credit risk of customers defaulting on their plans, as well as regulatory risk, IT systems risk, and market place risk.

Notes (Continued)

19. Called up share capital

Set out below are details of the authorised and issued share capital of the Company and the Group as at the end of the year. All shares in issue are fully paid-up.

Class of Share	Voting Shares in issue	Non-voting Shares in issue	Number authorised	Number in issue	Nominal Value £'000
A Ordinary £0.01 Voting Shares	700,000	-	700,000	700,000	7
B1 Ordinary £0.01 Voting Shares	15,000	-	15,000	15,000	-
B2 Ordinary £0.01 Voting Shares	275,000	-	285,000	275,000	3
Total	**990,000**	-	**1,000,000**	**990,000**	**10**

On 10 June 2013 the company issued 10,000 B2 Ordinary £0.01 voting shares for a cash consideration of £10,000.

20. Share Premium & Reserves

	Share Premium	Group P & L Account	Company P & L Account
	£'000	£'000	£'000
At 10 March 2013	970	51	-
Premium on share issue	10	-	-
(Loss) for the period	-	(738)	-
At 10 March 2014	**980**	**(687)**	-

Notes (Continued)

21. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Group 2014	2013
	£'000	£'000
Land and Building		
Within one year	-	-
Between two and five years	138	138
After five years	205	33
	343	171
Other		
Within one year	-	-
Between two and five years	15	15
	15	15

22. Reconciliation of operating profit to operating cash flows

	Group 2014	2013
	£'000	£'000
Operating profit	3,892	2,584
FRS 4 financing costs	59	40
Goodwill and Intangible non-cash movements	-	1,570
Depreciation	294	181
Amortisation of goodwill	1,782	1,188
Amortisation of intangible assets	8,406	4,042
Loss on disposal of assets	-	2
(Increase) in debtors	(2,968)	(504)
(Decrease) in creditors	(82)	(744)
Increase in provision for liabilities	1,087	-
Net cash inflow from operating activities	12,470	8,359

Notes (Continued)

23. Analysis of cash flows

	Year ended 10 March 2014 £'000	Period from 28 June 2012 to 10 March 2013 £'000
Returns on investments and servicing of finance		
Interest received	2	-
Interest element of finance lease payments	(5)	(4)
Dividends received from associates	149	-
Interest paid	(1,439)	(883)
Net cash outflow from returns on investments and servicing of finance	(1,293)	(887)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(282)	(114)
Payments to acquire intangible fixed assets	(11,557)	(4,479)
Cash on acquisition	-	(510)
Payments to acquire Group entities	(1,042)	(15,572)
Net cash outflow from capital expenditure and financial investment	(12,881)	(20,675)
Financing		
Net increase in borrowings	1,834	31,953
Repayment of term debt	-	(17,500)
Share capital issue	10	980
Capital element of finance lease rental payments	(49)	(46)
Net cash inflow from financing	1,795	15,387

Notes (Continued)

24. Analysis of net debt

	At 10 March 2013	Interest Non-Cash	Cash movements	Non cash movements	At 10 March 2014
	£'000	£'000	£'000	£'000	£'000
Cash in hand, at bank	1,505	-	(573)	-	932
Debt					
Bank Debt Due after 1 year	(19,971)	-	(1,834)	(59)	(21,864)
Loan Notes Due After 1 Year					
A1	(19,770)	(2,444)	-	-	(22,214)
A2	(589)	(73)	-	-	(662)
B	(351)	(43)	-	-	(394)
Finance Leases	(91)	-	49	-	(42)
Debt Total	(40,772)	(2,560)	(1,785)	(59)	(45,176)
Total	(39,267)	(2,560)	(2,358)	(59)	(44,244)

25. Related Party Transactions

As the Company is the parent company of the One Advice Group Limited group of companies, the Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the group qualifying as related parties).

A subsidiary of the group, Harrington Brooks (Accountants) Limited, owns 25% of an associate company iDebtPlan Limited. During the year iDebtPlan sold debt management cases to Harrington Brooks (Accountants) Limited, and Harrington Brooks (Accountants) Limited managed the book of clients owned by iDebtPlan Limited. At 10 March 2014 £281,830 was owed to iDebtPlan Limited, this was paid following the period end.

26. Contingent Liabilities

There were no contingent liabilities at the balance sheet date.

27. Ultimate Controlling Party

At 10 March 2014, funds managed by RJD Partners Limited held 64% (2013: 71.0%) of the voting share capital in issue of One Advice Group Limited.