Invocas Group plc

FINANCIAL STATEMENTS

for the year ended

31 March 2016

Company Number: SC295886

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DIRECTORS

Mr J M Hall
Mrs J-A Afrin
Mr S J Lightley
Mr R C Tomkys

SECRETARY

Mrs J-A Afrin

REGISTERED OFFICE

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Fairways Business Park
Livingston
West Lothian
EH54 8AF

AUDITOR

Scott-Moncrieff
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Semple Street
Edinburgh
EH3 8BL

REGISTRARS

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

The directors submit their report and the consolidated financial statements of Invocas Group plc ("the Company") and its subsidiaries ("the Group") for the year ended 31 March 2016.

Invocas Group plc is a public limited Company, incorporated in Scotland.

PRINCIPAL ACTIVITIES

The Group's principal activities during the year were the provision of outsourced PPI claims management services and personal insolvency and related services.

The Company's sole activity is that of a holding Company.

DIRECTORS

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

Mr J M Hall	Chairman
Mr A Dinolfi	Chief Executive Officer (resigned 1 September 2016)
Mrs J-A Afrin	Finance Director
Mr S J Lightley	Non-executive Director
Mr R Tomkys	Non-executive Director (appointed 29 September 2015)

The Group has a Directors' and Officers' liability policy which was in force during the year.

Details of directors' share options outstanding at the date of the report are given in Note 23.

AUDITOR

The auditor, Scott-Moncrieff, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

APPROVAL

This report was approved by the Board of Directors and authorised for issue on 1st September 2016 and signed on its behalf by:

Mr J M Hall
Chairman

OPERATING REVIEW

BACKGROUND

As was the case last year, 2015-16 was characterised both internally and in the wider debt sector by the growing impact of the Financial Conduct Authority ("FCA") and Treating Customers Fairly ("TCF") requirements. In 2015, the FCA published its thematic review of the sector which confirmed that it is one that they believe has a high risk of consumer detriment. The FCA's approach to regulation has caused significant structural change in the sector and this is likely to continue.

As far as the Group's business is concerned, much of the activity of Turndebtaround Limited ("TDA") comes under the remit of the FCA. TDA was granted "Interim Permissions" prior to 1 April 2014 and, early in 2015, we submitted our application to be granted "Full Permissions" . At that time we were led to believe that our application would be dealt with by no later than January 2016. However, at the time of writing whilst we have submitted responses to the FCA's various follow-up questions we, along with all other volume debt management operators, have not yet heard when a decision on the granting of Full Permissions will be made.

As a result of this delay, we have been forced to postpone our strategy of targeting debt purchase and collection companies as most of our targets have also been engaged in the FCA application and licensing process and have not been prepared to enter new external relationships unless and until both parties are fully licensed. Instead, we have focused on increasing our debt management revenue by taking over the management of portfolios from third parties no longer wishing to operate in this sector under the new FCA regime. To enable us to control such activities in a manner acceptable to the FCA, we acquired an existing debt management Company, Fresh Start UK Limited, at the very start of 2016. This business operates from stand alone premises in Hull. Despite this continuing uncertainty, it is, however, encouraging to note that the various portfolio acquisitions undertaken have all been notified to the FCA who have not raised any material queries or concerns over our ability to provide the required level of compliant case management and customer service.

In the wider market, more debt solution providers have decided that the compliance costs of the FCA regime are not for them and we have seen further players exit the market. Others have decided to move out of the informal debt solutions markets and to focus only on formal solutions, which are not regulated by the FCA.

In the collections arena, the requirements of TCF to carry out a full, detailed and independent assessment of income and expenditure prior to taking a payment mean that the costs of undertaking typical debt collection activity are no longer economic based on the traditional contingent fee model. As a consequence a number of players have already exited the market with others having been acquired by debt purchasers. This presents Invocas with a significant opportunity to leverage on the expertise of our advisors who, as part of the work required to asess the suitability of clients for potential debt solutions are already well versed in carrying out such assessments on our software platform.

We have therefore designed and launched an "Affordability Assessment" product which we are offering as a demonstrably independent outsourced service to debt purchasers and other lenders to enable them to fully comply with the requirements of TCF and the FCAand which, more importantly, should mean that any payment plans which they put in place will have a much higher prospect of success. Management is currently engaged in launching this service line which is being extremely well received.

As a business that has always sought to apply the highest ethical and professional standards in all that we do, Invocas remains well placed to benefit from the opportunities generated from the fundamental structural change which is still taking place across the sector.

Turning to the financial results for the year just ended, the loss for the year of £403,000 is disappointing. In part, this reflects investment in the development of The Affordability Assessment Centre which we are hopeful will generate good levels of return in the future but which has absorbed direct costs of some £103,100 in the year just ended. The other principal factor behind the loss for this year has been the continuing decline in supervisory fees as a result of the reducing number of formal personal insolvency cases under management. Income from case management has fallen from £2,245,000 to £1,399,000. It is our aim to re-build our portfolio of formal insolvency cases in the current year and beyond.

Our outsourced PPI claims management operation secured a number of additional contracts during the year and the income from claims management increased in the year from £667,000 to £1,000,000 and will continue to contribute in the current year. Despite the recent announcement of an end date for PPI claims to be lodged, there are still opportunities to win additional PPI portfolios. Progress in this area was held back by an appeal lodged against a Sheriff Court ruling that it was unlawful to reopen closed Trust Deed cases to ingather windfall PPI claims. Since the year end, the Inner House of the Court of Session has ruled against the appeal and it is anticipated that this will now allow the Group to move forward with offering our outsourced PPI claims service to other insolvency practitioners undertaking Trust Deed cases.

The year has seen a further change in the composition of the Board. As anticipated in my report last year, Bob Tomkys joined the Board in September 2015 in order to give the Board greater insight into the wider personal credit and debt sector. Since the year end, Rico Dinolfi, our CEO, has decided that he wishes to resign from the Group for personal reasons which will involve him relocating overseas. Rico has stepped down from the Group Board on 1 September but will remain as a director of our two FCA regulated subsidiaries, Turndebtaround Limited and FreshStart UK Limited until 31 October to allow for a controlled and compliant transition of our FCA responsibilities to his successor. Rico has made a significant contribution to the strategic development and management systems of the Group and we are very grateful to him for his contribution during his tenure as CEO.

I look forward to updating shareholders further at our AGM in September.

OPERATIONAL PERFORMANCE

Turnover from recurring activities decreased from £2,965,000 to £2,416,000 with Gross Profit decreasing in line with turnover in absolute terms from £1,924,000 (65%) to £1,432,000 (58%).

Administrative expenses fell from £1,874,000 to £1,828,000. Within this significant reduction, payroll costs decreased by 16% and other administrative costs, many of which are fixed, by 10%.

With effect from 1 October 2015, we combined our two Scottish offices into a single, central location in Livingston. This will produce significant premises cost savings during the current financial year.

LOOKING FORWARD

UK personal debt remains at record levels, standing at £1.484 trillion at 30 June 2016 (compared to £1.444 trillion at 30 June 2015). Despite this record level of debt, personal insolvencies in the UK in the year to 31 March 2016 fell significantly by 15% in England & Wales and by 32% in Scotland.

The Group's strategy will be to continue to maximise revenues from its debt management and specialist PPI claims management operations and, in addition, to undertake a major expansion of its provision of formal insolvency solutions.

In order to enable the Group to implement this future strategy and to return the Group to profitability, the directors consider that additional funding needs to be raised in the form of share capital. The directors intend to recommend to shareholders an Offer and Placing transaction which is intended to raise £1 million through the issue of new shares to existing shareholders on a pro rata basis.

If successful, the planned equity fund raising will provide a stable platform for the Group to progress on all fronts by allowing it to accelerate the introduction of the Affordability Assessment Centre proposition, secure long term contracts delivering packaged personal insolvency and debt management cases as well as providing the working capital base to allow us to acquire more portfolios of debt management cases from operators exiting the market either voluntarily or as a result of formal closure action by the FCA.

FINANCIAL REVIEW

Revenue
Revenue for the period was £2.42m compared to £2.97m in 2015. This reduction was principally attributable to the fall in administration fees from historical back book cases, which continued to reduce in number during the year as older cases were brought to a close.

Operating results
The underlying pre-tax loss for the period was £0.4m compared to an underlying pre-tax profit of £0.05m in 2015. Excluding non-cash costs (depreciation, amortisation, asset write offs and share option costs) the EBITDA loss for the period was £0.38m (2015: profit £0.11m).

Average staff numbers have increased by 2% to 56 (2015: 55).

Balance Sheet
The net assets of the Group as at 31 March 2016 are £1.6m (2015: £2.00m).

Amounts recoverable under contract have decreased by 16% to £1.37m (2015: £1.64m)

Assets include £278,000 (2015:£278,000) of deferred taxation in relation to losses in prior periods. Potential additional deferred taxation losses of £1,089,000 (2015: £1,016,000) have not been recognised in the financial statements.

Banking
Currently there is no overdraft facility available to the Group.

RESULTS AND DIVIDENDS

The Group's loss for the year after taxation was £403,000 (2016: £30,000 profit).

The Company does not have sufficient distributable reserves to enable the payment of a dividend to shareholders.

REVIEW OF THE BUSINESS

A review of the Group's activities during the year and of future developments is given in the Operating Review and Financial Review above.

It is the Group's policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice.

Trade creditor days based on creditors at 31 March 2016 were 54 days (2015: 30 days) for the Group and 92 days (2015: 47 days) for the Company.

EMPLOYEES

It is the Group's policy that the selection of employees for recruitment, training, development and promotion should be determined solely on their skills, abilities and other requirements which are relevant to the job, regardless of their sex, race, religion or disability.

The Group recognises the value of its employees and seeks to create an energetic, dynamic and creative environment in which to work. It places considerable importance on communications with employees, which take place at many levels throughout the organisations on both formal and informal basis. The personal development of employees is closely monitored so that appropriate training programmes can be designed with a view to assisting employees to achieve their own objectives as well as those of the Group.

BUSINESS RISK MANAGEMENT AND KPIs

The Board is responsible for identifying the main business risks faced by the Group and for determining the appropriate actions necessary to manage those risks. The Group has a system of controls to create an appropriate balance between the cost of risks occurring and the cost of managing those risks. This includes the maintenance of a detailed risk register which is regularly updated and includes strategies to mitigate identified risks. The Board regularly monitors the Group's risk management process to ensure that an acceptable balance between risk and control is achieved.

Strategy and execution
The Group will seek to identify and anticipate risks regarding changes to its markets and economic conditions, in order to ensure that its strategy is aligned to the delivery of shareholder value. Corporate planning processes are in place to ensure that the strategy set is effectively executed by the Group's different business units.

Regulatory risk
Failure to comply with regulatory requirements or to react to a change in legislation would materially affect the Group's ability to operate in its current markets. Internal processes and policies are reviewed regularly by the Board to ensure that all regulatory and legislative threats are identified and appropriate action taken in mitigation.

Attracting and retaining the best people
The ability of the business to attract, recruit and retain quality staff is a risk in a highly competitive labour market. We continue to invest in our people, ensuring that we recruit and retain the right calibre of staff with the skills, experience and talent to grow the business. We seek to ensure we have appropriate management development programmes to assess, manage and develop our people's leadership skills, talents and experiences throughout the organisation.

Financial risks
The Board considers that the main risks arising from the Group's financial instruments are credit risk and liquidity risk.

Its exposures to risk and the procedures for managing this risk are set out in note 20 to the consolidated financial statements.

KPIs
The principal KPIs used to manage the business are gross margin before one off items (2016: 59%, 2015: 65%), amounts recoverable on contracts (2016: £1.37m, 2015: £1.64m), PPI income (2016: £1,000k, 2015: £677k), case closure fees (2016 £204k: 2015 £688k) and new cases (2016: 67, 2015: 35).

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Operating Review on pages 3 and 4. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 5. In addition, note 20 to the financial statements includes the policies and processes for managing its financial risks.

Currently there is no overdraft facility available to the Group and, in view of the Group's trading performance during the year, the directors have concluded that additional capital is required to be raised. Since the year end, a loan of £250,000 has been negotiated from a third party investment house to provide working capital to the Group.

The Group's strategy, as outlined above, will be to continue to maximise revenues from its debt management and specialist PPI claims management operations and, in addition, to undertake a major expansion of its provision of formal personal insolvency solutions.

In order to enable the Group to implement this future strategy and to return the Group to profitability, the directors consider that additional funding needs to be raised in the form of share capital. The directors intend to recommend to shareholders an Offer and Placing transaction which is intended to raise £1 million through the issue of new shares to existing shareholders on a pro rata basis.

The directors anticipate that shareholders will provide the necessary level of support for this transaction to proceed and, therefore, having considered the uncertainties in the market place and those associated with the business strategy, the directors have a reasonable expectation that the Company will have adequate resources to 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. However, if the fund raising were not to proceed, the directors consider that the Group may not be able to continue to operate for the foreseeable future and therefore that it would not be appropriate to prepare the financial statements on the going concern basis of accounting. In this scenario, adjustments would have to be made to the carrying value of assets to reflect their recoverable values and to provide for any additional liabilities that would arise.

APPROVAL

This report was approved by the Board of Directors and authorised for issue on 1 September 2016 and signed on its behalf by:

Mr J M Hall
Chairman

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under Company law to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVOCAS GROUP PLC

We have audited the financial statements of Invocas Group plc for the year ended 31 March 2016 which comprise the consolidated statement of comprehensive income, consolidated and parent Company statements of financial position, consolidated and parent Company statements of changes in equity, consolidated statement of cash flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the 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 31 March 2016 and of the Group's result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EMPHASIS OF MATTER – GOING CONCERN

We have considered the adequacy of the disclosure made in the Accounting Policies concerning the Company's ability to continue as a going concern. In order to enable the Group to implement its future strategy and to return the Group to profitability, the directors consider that additional funding needs to be raised in the form of share capital. The directors intend to recommend to shareholders an Offer and Placing transaction which is intended to raise £1 million through the issue of new shares to existing shareholders on a pro rata basis. If this fund raising were not to proceed, the directors consider that the Company may not be able to continue to operate for the foreseeable future and therefore that it would not be appropriate to prepare the financial statements on the going concern basis.

Also at the time of signing, both Turndebtaround and Fresh Start UK have still not been awared Full Permissions from the Financial Conduct Authority.

These conditions, along with the other matters explained in the Accounting Policies, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern."

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Gareth Magee, Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 1st September 2016

Invocas Group plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2016

	Notes	**Total 2016 £'000**	Total 2015 £'000
Revenue	1	**2,416**	2,965
Direct costs		**(984)**	(1,041)
Gross Profit		**1,432**	1,924
Administrative expenses		**(1,828)**	(1,874)
(Loss)/profit from operations	3	**(396)**	50
Investment income	5	**-**	1
Finance costs	6	**(7)**	(21)
(Loss)/profit before taxation		**(403)**	30
Corporation tax charge	7	**-**	-
Total comprehensive (loss)/income for the year		**(403)**	30

The loss for the year arises from continuing operations.

There were no items of other comprehensive income and as such the loss for the year attributable to equity holders of the Parent Company is equivalent to total comprehensive loss for the year.

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

Invocas Group plc
STATEMENT OF FINANCIAL POSITION
As at 31 March 2016 — Company No. SC295886

	Notes	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Non-current assets					
Intangible assets	8	**144**	-	**-**	**-**
Property, plant and equipment	9	**109**	66	**102**	**63**
Investments	10	**-**	-	**174**	**-**
Amounts owed by Group undertakings	11	**-**	-	**4,231**	**4,231**
Deferred tax assets	13	**278**	278	**-**	**-**
Total non-current assets		**531**	344	**4,507**	**4,294**
Current assets					
Trade and other receivables	11	**1,591**	1,871	**4,257**	**4,655**
Cash and cash equivalents	12	**60**	181	**1**	**58**
Total current assets		**1,651**	2,052	**4,258**	**4,713**
Current liabilities					
Trade and other payables	14	**(493)**	(331)	**(364)**	**(200)**
Finance lease obligations	16	**(28)**	(48)	**(28)**	**(48)**
Current tax payable	15	**-**	-	**-**	**-**
Loans	17	**(30)**	-	**(30)**	**-**
Total current liabilities		**(551)**	(379)	**(422)**	**(248)**
Net current assets		**1,100**	1,673	**3,836**	**4,465**
Non-current liabilities					
Finance lease obligations	16	**-**	(14)	**-**	**(14)**
Trade and other payables	18	**(31)**	-	**(31)**	**-**
Total non-current liabilities		**(31)**	(14)	**(31)**	**(14)**
Total assets less liabilities		**1,600**	2,003	**8,312**	**8,745**
Equity					
Equity attributable to equity holders of Parent Company:					
Share capital	19	**71**	71	**71**	**71**
Share premium		**8,642**	8,642	**8,642**	**8,642**
Retained (deficit)/earnings		**(7,113)**	(6,710)	**(401)**	**32**
Total equity		**1,600**	2,003	**8,312**	**8,745**

The financial statements on pages 11 to 37 were approved by the Board of Directors and authorised for issue on 1 September 2016 and are signed on its behalf by:

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Mr J M Hall
Chairman

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

Invocas Group plc
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2016

Group

	Share Capital £'000	Share Premium Account £'000	Retained *Deficit* £'000	Total £'000
Balance at 31 March 2014	71	8,642	(6,740)	1,973
Total comprehensive income for the year	-	-	30	30
Balance at 31 March 2015	**71**	**8,642**	**(6,710)**	**2,003**
Total comprehensive income for the year	**-**	**-**	**(403)**	**(403)**
Balance at 31 March 2016	**71**	**8,642**	**(7,113)**	**1,600**

Company

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 31 March 2014	71	8,642	284	8,997
Total comprehensive loss for the year	-	-	(252)	(252)
Balance at 31 March 2015	**71**	**8,642**	**32**	**8,745**
Total comprehensive loss for the year	**-**	**-**	**(433)**	**(433)**
Balance at 31 March 2016	**71**	**8,642**	**(401)**	**8,312**

Both share capital and the share premium account arise on the issue of shares. The retained deficit reflects total comprehensive losses to date.

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

Invocas Group plc
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
(Loss)/profit before tax		**(403)**	30	**(433)**	(252)
Adjustments for:					
Depreciation of property, plant and equipment		**54**	38	**48**	34
Amortisation of intangibles		**-**	22	**-**	22
Interest received		**-**	(1)	**-**	-
Loss on disposal of fixed assets		**3**	-	**-**	-
Finance costs		**7**	21	**6**	21
Operating cash flow before movement in working capital		**(339)**	110	**(379)**	(175)
Decrease/(increase) in trade and other receivables		**280**	261	**(44)**	(9)
Decrease in trade and other payables		**107**	(88)	**117**	(141)
Decrease in intra-Group balances		**-**	-	**442**	526
Movement in working capital		**387**	173	**515**	376
Net cash generated by/(used in) operations		**48**	283	**136**	201
Investing activities					
Purchase of property, plant and equipment		**(92)**	(21)	**(87)**	(21)
Interest received		**-**	1	**-**	-
Acquisition of subsidiary		**(66)**	-	**(96)**	-
Net cash (used in)/generated by investing activities		**(158)**	(20)	**(183)**	(21)
Financing activities					
Loan		**30**	(75)	**30**	(75)
Decrease in hire purchase financing		**(34)**	(46)	**(34)**	(46)
Finance costs		**(7)**	(21)	**(6)**	(21)
Net cash (used in)/generated by financing activities		**(11)**	(142)	**(10)**	(142)
Net increase/(decrease) in cash and cash equivalents		**(121)**	121	**(57)**	38
Cash and cash equivalents at beginning of year	12	**181**	60	**58**	20
Cash and cash equivalents at end of year	12	**60**	181	**1**	58

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

PRESENTATION OF FINANCIAL STATEMENTS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 from presenting a Company Statement of Profit or Loss and Other Comprehensive Income.

New standards, interpretations and amendments
New standards, interpretations and amendments effective from 1 April 2015.

A number of new standards, interpretations and amendments effective for the first time for periods beginning on (or after) 1 April 2015 have been adopted in these financial statements. There has been no alteration to the financial statements as a result of adopting these new standards, interpretations and amendments.

Standards issued but not yet effective

There are standards which have been issued but are not yet effective at the date of issuance of the Invocas Group PLC financial statements which the directors reasonably expect to be applicable at a future date. The intention is to adopt these standards when they become effective but early adoption has not been undertaken:

IFRS 10, 'Consolidated Financial Statements', is effective for accounting periods beginning on or after 1 January 2016.

IFRS 16, 'Leases', is effective for accounting periods beginning on or after 1 January 2019.

IAS 1 (amendment), 'Presentation of Financial Statements', is effective for accounting periods beginning 1 January 2016.

IAS 7 (amendment), 'Statement of Cash Flows', is effective for accounting periods beginning 1 January 2017.

IAS 16 (amendment), 'Property, plant and equipment', is effective for accounting periods beginning on or after 1 January 2016.

IAS 19 (amendment), 'Employee benefits', is effective for accounting periods beginning on or after 1 January 2016.

IAS 38 (amendment), 'Intangible Assets', is effective for accounting periods beginning on or after 1 January 2016.

The directors do not expect that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Company's financial statements.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU (IFRS), IFRIC interpretations and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted are set out below.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Operating Review on page 3. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 5. In addition, note 20 to the financial statements include the policies and processes for managing its financial risks.

Currently there is no overdraft facility available to the Group and, in view of the Group's trading performance during the year, the directors have concluded that additional capital is required to be raised. Since the year end, a loan of £250,000 has been negotiated from a third party investment house to provide working capital to the Group.

In order to enable the Group to implement this future strategy and to return the Group to profitability, the directors consider that additional funding needs to be raised in the form of share capital. The directors intend to recommend to shareholders an Offer and Placing transaction which is intended to raise £1 million through the issue of new shares to existing shareholders on a pro rata basis.

However, if the fund raising were not to proceed, the directors consider that the Group may not be able to continue to operate for the foreseeable future and therefore that it would not be appropriate to prepare the financial statements on the going concern basis of accounting. In this scenario, adjustments would have to be made to the carrying value of assets to reflect their recoverable values and to provide for any additional liabilities that would arise.

At the time of signing, both Turndebtaround Limited and Fresh Start UK Debt Management Limited have still not been awarded Full Permissions from the Financial Conduct Authority.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 March each year. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the statement of comprehensive income.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at acquisition date irrespective of the extent of any non-controlling interest.

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; the effective date being the date that control is obtained by or transferred to a third party.

All intra-Group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

A Company statement of comprehensive income has not been disclosed in accordance with section 408 of the Companies Act 2006. The loss for the year of the parent Company amounted to £433,000 (2015: £252,000).

REVENUE RECOGNITION

Revenue in the statement of comprehensive income represents fees and other income earned during the period from the provision of financial solutions to individuals and businesses experiencing debt problems, inclusive of direct disbursements incurred on assignments but exclusive of value added tax.

Revenue is only recognised when the outcome can be measured with sufficient reliability. The amounts taken to revenue for the provision of professional services are calculated on a capped time charged basis with due provision made for cases for which the income due may not be recoverable. Provision is also made for the costs of completion on cases where recovery of such costs is considered doubtful.

Fees that have been billed but not received at the reporting date and revenue that has been earned but not yet billed are both included net of related provisions within trade receivables as 'amounts recoverable on contracts'.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

DIRECT COSTS

Direct costs consist of direct wages and salaries, the cost of advertising relating directly to cases and other case acquisition costs, together with disbursements on specific cases.

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is stated at cost less provision for impairment. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

For the purposes of determining impairment of purchased goodwill carried in the statement of financial position, all goodwill is allocated against the appropriate business units deemed to obtain advantage from the benefits acquired with the goodwill. These are designated as cash generating units (CGUs). Impairment is then assessed by comparing the recoverable amount of the relevant CGU with the carrying value of the CGU's assets and liabilities and related goodwill. Recoverable amount is measured as the asset's value in use.

Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the statement of comprehensive income.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Where they meet the criteria for capitalisation under IAS38, other intangible assets are capitalised at cost net of any amortisation and any provision for impairment. Amortisation is calculated so as to write off the cost of any asset less its residual value over the useful economic life of that asset as follows:

- Website development costs are amortised over a period of 3 years.
- Software costs are written off over the period of the relevant licence.
- Software development costs will be amortised over 3 years.

INTANGILBLE ASSETS (continued)

Where assets are not yet in use they are not amortised.

Websites acquired have been recognised as intangible assets in accordance with the principles outlined in SIC Interpretation 32 (Intangible Assets – Web Site Costs).

PROPERTY, PLANT AND EQUIPMENT

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost comprises purchase price and other directly attributable costs. Depreciation is charged so as to write off the cost or valuation of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	Over the life of the relevant lease
Fixtures and equipment	10%–30%
IT equipment	Over 3 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is calculated as the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

INVESTMENT IN SUBSIDIARIES

Investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group has become party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in the statement of total comprehensive income.

FINANCIAL INSTRUMENTS (continued)

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft where a right of set off exists.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the statement of total comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement plans are charged as an expense as they fall due.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the terms of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event which is probable will result in an outflow of economic benefits that can be reliably estimated.

SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 Share-based payments and IFRIC 11 Group and treasury shares.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments, which incorporates the market condition, is expensed on a straight line basis over the vesting period, based on the Group's estimate of share options that will eventually vest and a corresponding amount credited to retained earnings.

Cancelled options are accounted for as an acceleration of vesting. The unrecognised fair value (at grant date) is recognised in the statement of comprehensive income in the year the options are cancelled.

Share-based payments associated with share options granted to employees of subsidiaries of the parent Company are treated as an expense of the subsidiary Company to be settled by equity of the parent Company. The share-based payment expense increases the value of the parent Company's investment in the subsidiaries and is credited to retained earnings.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

The proceeds received on exercise of share options are credited to share capital (for the nominal value) and share premium account (for the excess over nominal value).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions 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 discussed below.

Revenue recognition

Judgement is required in evaluating the likelihood of recoverability of amounts recoverable on contracts. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles.

One off items

These are items which in management's judgement are non-recurring and need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information. The determination of which items are separately disclosed as one off items requires a significant degree of judgement.

Intangible assets

The assessment of the useful economic lives of these assets requires judgment. Depreciation and amortisation is charged to the statement of comprehensive income based on the useful economic life selected. This assessment requires estimation of the period over which the Group will benefit from the assets.

Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset.

In addition, the assessment of whether assets meet the required criteria for initial capitalisation requires judgment. This requires a determination of whether the assets will result in future benefits to the Group. In particular, internally generated intangible assets must be assessed during the development phase to identify whether the Group has the ability and intention to complete the development successfully.

Impairment of goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

Retention of deferred tax asset

A deferred tax asset in relation to losses incurred in prior periods of £278,000 has been retained as an asset as the directors have a reasonable belief that the losses will be fully utilised in future periods.

1 REVENUE

An analysis of the Group's revenue, all of which arose in the United Kingdom, is as follows:

	2016 £'000	2015 £'000
Continuing operations:		
Insolvency services	**2,416**	2,965

2 OPERATING SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's sole reportable segment under IFRS 8 is insolvency services which includes a full range of debt solutions to individuals and businesses, namely Consumer Debt Solutions, Business Recovery and Insolvency Solutions.

An analysis of the Group's revenue is shown below:

	2016 £'000	2015 £'000
Insolvency & Debt Solutions	**1,399**	2,260
Claims Management & Outsourced solutions	**1,017**	705
	2,416	2,965

Split by operating segment:

	2016 £'000	2015 £'000
Case management	**1,399**	2,245
Claims management	**1,000**	667
Software	**-**	15
Outsourced services	**-**	23
Other	**17**	15
	2,416	2,965

3 (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations has been arrived at after charging:

	2016 £'000	2015 £'000
Depreciation – owned assets	**18**	8
Depreciation – leased assets	**30**	30
Amortisation of intangible assets – owned assets	**-**	22
Auditor's remuneration	**31**	28
Payments under operating leases		
- land and buildings	**36**	207
- other assets	**-**	49

Amounts payable to Scott-Moncrieff in respect of both audit and non-audit services:

	2016 £'000	2016 %	2015 £'000	2015 %
Audit services				
- Statutory audit – Company	**5**	**16**	5	18
- Statutory audit – subsidiary companies	**17**	**55**	12	43
Tax services				
- Compliance services	**-**	**-**	5	18
Other services				
- Statutory financial statements	**9**	**29**	6	21
	31	**100**	28	100
Comprising				
- Audit services	**22**	**71**	17	61
- Non audit services	**9**	**29**	11	39
	31	**100**	28	100

4 STAFF COSTS

The average monthly number of employees for the year was as follows:

	2016 No.	2015 No.
Executive Directors	**6**	3
Non Executive Directors	**2**	2
Group services	**10**	9
Insolvency services	**38**	41
	56	55

As at 31st March the total number of employees (including directors) was as follows:

	2016 No.	2015 No.
	56	55

The aggregate payroll costs, including directors' emoluments, of the above were as follows:

	2016 £'000	2015 £'000
Wages and salaries	**1,507**	1,478
Social security costs	**149**	145
	1,656	1,623

Aggregate payroll costs include termination costs of £0, (2015: £30,000) within wages and salaries.

The directors' aggregate emoluments in respect of qualifying services were:

	2016 £'000	2015 £'000
Emoluments	**347**	326
Compensation for loss of office	**-**	30
Benefits	**-**	2
	347	358

There were no directors accruing benefits under defined contribution schemes during the year (2015: None).

The remuneration in respect of the highest paid director was:

	2016 £'000	2015 £'000
Emoluments	**175**	208
Benefits	**-**	2
	175	210

5 FINANCE INCOME

	2016 **£'000**	2015 £'000
Bank interest receivable	-	1
	-	1

6. FINANCE COSTS

	2016 **£'000**	2015 £'000
Interest on bank loans and overdrafts	-	1
Interest on obligations under finance leases	7	8
Interest on loans to connected parties	-	12
	7	21

7 TAXATION

	2016 **£'000**	2015 £'000
Current tax:		
UK - current year	-	-
UK - Adjustments in respect of prior periods	-	-
	-	-
Deferred tax (Note 13):		
Origination and reversal of temporary differences	-	-
	-	-
Corporation tax charge	-	-

UK Corporation tax is calculated at 20% (2015: 21%) of the estimated assessable loss for the year. The current tax charge for the year can be reconciled to the loss per the statement of total comprehensive income as follows:

	2016 **£'000**	2015 £'000
(Loss)/profit before tax	**(403)**	30
Tax at the domestic income tax rate 20% (2015: 21%)	**(81)**	6
Tax effect of expenses that are not deductible in determining taxable profit	**4**	-
Capital allowances in excess of depreciation	-	1
Utilisation of tax losses brought forward	-	(7)
Deferred tax adjustment	**7**	-
Deferred tax not recognised	**70**	-
Tax (charge)/credit for the year	-	-

8 INTANGIBLE ASSETS

Group 2015	Goodwill £'000	Other Intangibles £'000	Total £'000
Cost			
At 1 April 2014	-	497	497
Additions	-	-	-
Amounts written off during the year	-	(490)	(490)
At 31 March 2015	-	**7**	**7**
Amortisation			
At 1 April 2014	-	475	475
Charge for the year	-	22	22
Amounts written off during the year	-	(490)	(490)
At 31 March 2015	-	**7**	**7**
Net book value			
At 31 March 2015	-	-	-
2016			
Cost			
At 1 April 2015	-	7	7
Additions	144	-	144
Amounts written off during the year	-	-	-
At 31 March 2016	**144**	**151**	**151**
Amortisation			
At 1 April 2015	-	7	7
Charge for the year	-	-	-
Amounts written off during the year	-	-	-
At 31 March 2016	-	**7**	**7**
Net book value			
At 31 March 2016	144	-	144

During the year, goodwill arose on consolidation related to the acquisition of Fresh Start UK Debt Management Limited.

8 INTANGIBLE ASSETS (continued)

Company	**Other Intangibles £'000**	**Total £'000**
2015		
Cost		
At 1 April 2014	497	497
Additions	-	-
Amounts written off during the year	(490)	(490)
At 31 March 2015	7	7
Amortisation		
At 1 April 2014	475	475
Charge for the year	22	22
Amounts written off during the year	(490)	(490)
At 31 March 2015	7	7
Net book value		
At 31 March 2015	-	-
2016		
Cost		
At 1 April 2015	7	7
Additions	-	-
Amounts written off during the year	-	-
At 31 March 2016	7	7
Amortisation		
At 1 April 2015	7	7
Charge for the year	-	-
Amounts written off during the year	-	-
At 31 March 2016	7	7
Net book value		
At 31 March 2016	-	-

9 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Improvements £'000	IT Equipment £'000	Fixtures & Equipment £'000	Total £'000
2015				
Cost				
At 1 April 2014	12	92	13	117
Additions	-	21	-	21
Disposals	-	-	-	0
At 31 March 2015	**12**	**113**	**13**	**138**
Depreciation				
At 1 April 2014	10	16	8	34
Charge for the year	1	34	3	38
Disposals	-	-	-	-
At 31 March 2015	**11**	**50**	**11**	**72**
Net book value				
At 31 March 2015	**1**	**63**	**1**	**66**
2016				
Cost				
At 1 April 2015	12	113	13	138
Acquisitions	4	7	-	11
Written off in the year	(9)	-	(9)	(18)
Additions	50	31	11	92
At 31 March 2016	**57**	**151**	**15**	**223**
Depreciation				
At 1 April 2015	11	50	12	73
Acquisitions	-	3	-	3
Charge for the year	5	44	2	54
Written off in the year	(8)	-	(9)	(17)
At 31 March 2016	**8**	**97**	**5**	**113**
Net book value				
At 31 March 2016	**49**	**54**	**10**	**110**

The net book value of assets held under finance leases as at 31 March 2016 was £ nil (2015: £30,000). Depreciation of £30,000 was charged during the year in respect of these assets (2015: £30,000).

9 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold Improvements £'000	IT Equipment £'000	Fixtures & equipment £'000	Total £'000
2015				
Cost				
At 1 April 2014	-	92	2	94
Additions	-	21	-	21
Disposals	-	-	-	-
At 31 March 2015	**-**	**113**	**2**	**115**
Depreciation				
At 1 April 2014	-	16	2	18
Charge for the year	-	34	-	34
Disposals	-	-	-	-
At 31 March 2015	**-**	**50**	**2**	**52**
Net book value				
At 31 March 2015	**-**	**63**	**-**	**63**
2016				
Cost				
At 1 April 2015	-	113	2	115
Amounts written off in the year	-	-	(1)	(1)
Additions	50	26	11	87
At 31 March 2016	**50**	**139**	**12**	**201**
Depreciation				
At 1 April 2015	-	50	2	52
Charge for the year	5	42	1	48
Amounts written off in the year	**-**		**(1)**	**(1)**
At 31 March 2016	**5**	**92**	**2**	**99**
Net book value				
At 31 March 2016	**45**	**47**	**10**	**102**

The net book value of assets held under finance leases as at 31 March 2016 was £nil (2015: £30,000). Depreciation of £30,000 was charged during the year in respect of these assets (2015: £30,000).

10 INVESTMENTS

Investment in subsidiaries

Company **2015**	**Share-based payment** **£'000**	**Payment** **£'000**	**Total** **£'000**
Balance at 1 April 2014	-	-	-
Amounts written off in the year	-	-	-
Balance as at 31 March 2015	**-**	**-**	**-**

Company **2016**	**Share-based payment** **£'000**	**Payment** **£'000**	**Total** **£'000**
Balance at 1 April 2015	-	-	-
Additions in the year	-	174	174
Balance as at 31 March 2016	**-**	**174**	**174**

Details of the Company's investments in subsidiary undertakings at 31 March 2016 are as follows:

	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Invocas Financial Limited	Scotland	100	100	Insolvency services
Turndebtaround Limited	Scotland	100	100	Debt advisory services
Invocas Financial Solutions Limited	Scotland	100	100	Dormant
FDC Technology Limited	Scotland	100	100	Dormant
Invocas Corporate Solutions Limited	Scotland	100	100	Dormant
The Affordability Assessment Centre Limited	Scotland	100	100	Data Processing
Fresh Start UK Debt Management Ltd	England	100	100	Financial Intermediation

11 TRADE AND OTHER RECEIVABLES

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Non-current:				
Amounts owed by Group undertakings	-	-	4,231	4,231
	-	-	4,231	4,231
Current:				
Amounts recoverable on contracts	1,373	1,637	-	-
Trade receivables	49	89	-	-
Amounts owed by Group undertakings	-	-	4,130	4,572
Prepayments and deferred income	148	106	113	60
Other receivables	21	39	14	23
	1,591	1,871	4,257	4,655

Included above is the cost of time recognised on cases where there was no automatic entitlement to income at the reporting date, reduced by provisions to the anticipated realisable value of such work. Such provisions at 31 March 2016 amounted to £846,000 (2015: £1,251,000).

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Further details of the amounts owed by Group undertakings is provided in note 24.

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group. The carrying amount of cash and cash equivalents approximates to their fair value. All balances are held in sterling.

Cash and cash equivalents represent:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Cash at bank	60	181	1	58
	60	181	1	58

13 DEFERRED TAX

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Analysis for financial reporting purposes:				
Deferred tax liabilities	-	-	-	-
Deferred tax assets	**278**	278	-	-
	278	278	-	-

The movement in the year in the Group's net deferred tax position was as follows:

	2016 £'000	2015 £'000
Credit/(charge) to income for the year	-	-
	-	-

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the period:

Deferred tax assets

	Employee share-based payment £'000	**Unutilised losses £'000**	**Accelerated tax depreciation £'000**	**Total £'000**
Deferred tax assets				
At 1 April 2015	-	273	5	278
(Charge)/credit to income for the year	-	-	-	-
At 31 March 2016	**-**	**273**	**5**	**278**

Utilisation of deferred tax assets is dependent on the future profitability of the Group. The Group has recognised deferred tax assets totalling £278,000 in relation to tax losses carried forward, as the Group considers that, on the basis of forecasts, there will be sufficient taxable profits in the future against which these losses will be offset.

Potential deferred taxation losses of £1,089,000 (2015: £1,016,000) have not been recognised in the financial statements.

14 TRADE AND OTHER PAYABLES

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Trade payables	**145**	92	**107**	60
Other taxes and social security	**56**	92	**44**	19
Accruals	**222**	147	**166**	121
Other creditors	**70**	-	**47**	-
	493	331	**364**	200

The directors consider that the carrying amount of trade payables approximates to their fair value.

15 CURRENT TAX (RECEIVABLE)/PAYABLE

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Corporation tax	**-**	-	**-**	-

16 FINANCE LEASE OBLIGATIONS

The Group has obligations under a finance lease for software and IT equipment included in property, plant and equipment. The capital payments outstanding at 31 March 2016 are £28,000 (2015: £62,000).

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Within one year	**28**	48	**28**	48
In the second to fifth years inclusive	**-**	14	**-**	14
	28	62	**28**	62

The liabilities are secured on the assets to which they relate.

17 LOANS

Group and Company

During the year, loans of £30,000 were received from a person connected to a director and from a non-executive director:

	Loan as at 31 March 2016 £'000	Loan as at 31 March 2015 £'000
Francis Hall	**15**	-
Stephen Lightley	**15**	-
	30	-

Interest is payable on a monthly basis at a rate of 9% p.a..

18 TRADE AND OTHER PAYABLES (NON-CURRENT)

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Other creditor	**31**	-	**31**	-
	31	-	**31**	-

The above creditor relates to the deferred consideration for the purchase of Fresh Start UK Debt Management Limited.

19 SHARE CAPITAL

Group and Company	**2016 Number**	**2016 £'000**	2015 Number	2015 £'000
Ordinary shares of £0.0025p each:				
Issued and fully paid:	**28,566,585**	**71**	28,566,585	71

The Group monitors capital which comprises all components of equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

Options
The remaining options from the equity-settled share option plan were forfeited during the prior year and no further options remained outstanding at the year end.

Details of the share options are disclosed in note 23.

20 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise borrowings, cash and cash equivalents, trade receivables, and trade payables, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's working capital.

The Group does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are summarised below:

Interest rate risk

The Group's exposure to interest rate risk is minimal.

The Group has in place a policy of minimising finance charges on overdraft and loan balances via the monitoring and offsetting of cash balances across the Group and by forecasting and financing its working capital requirements.

Interest bearing assets consist of cash balances which earn interest at variable rates.

Liquidity risk

The Group actively forecasts, manages and reports its working capital requirements on a regular basis to ensure that it has sufficient funds for its operations.

All surplus cash is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used and its maturity date will depend on the Group's forecast cash requirements.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a case to settle its financial obligations to the Group as and when they fall due. Receivable balances are monitored on an ongoing basis with an appropriate level of provision carried against balances considered potentially irrecoverable.

With respect to credit risk arising from the Group's other financial assets, the primary exposure relates to the financial assets of the Group including cash and deposits that are placed with financial institutions that are regulated.

Market risk

The Group is exposed to changing prices and demand for its services and changing prices for its input costs, which principally comprise salary and property costs. The directors do not consider that the Group incurs any costs which it is appropriate to hedge with financial instruments.

21 OPERATING LEASE ARRANGEMENTS

The future minimum rentals payable under non-cancellable operating leases are as follows:

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Within one year	**49**	205	**45**	172
In the second to fifth years inclusive	**164**	19	**164**	10
	213	224	**209**	182

Leases are negotiated for an average of five years and rentals are fixed for an average of 5 years.

22 RETIREMENT BENEFITS PLAN

The Group operates a basis of flexible remuneration for employees under which they may elect for an element of their remuneration to be paid in the form of contributions to defined contribution personal retirement plans of their choice.

The total cost charged to income of £nil represents contributions payable to these schemes by the Group as at 31 March 2016 (2015: £nil).

There were contributions of £nil due in respect of the current reporting year that had not been paid over to these schemes (2015: £nil).

23 SHARE-BASED PAYMENT TRANSACTIONS

The Group has established an Employee Share Incentive Plan under which the Group can issue free shares to qualifying employees.

The Group plan provides for a grant price that shall not be less than the nominal value of the share. The vesting period is generally 3 years. If options remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest therefore 1,429,000 share options granted to Mr A Dinolfi have lapsed on 1st September 2016.

The share options are all held by directors.

	2016		2015	
	Number of share options 000's	**Weighted average exercise price £**	Number of share options 000's	Weighted average exercise price £
Outstanding at 1 April	**-**	**-**	-	-
Granted during the year	**2,000**	**0.88**	-	-
Forfeited during the year	**-**	**-**	-	-
Cancelled during the year	**-**	**-**	-	-
Outstanding at 31 March	**-**	**-**	-	-
Exercisable at 27 July 2017	**2,000**	**0.88**	-	-

24 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel
The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2016	2015
	£'000	£'000
Short-term employee benefits (including NIC)	**425**	425
Compensation for loss of office	**30**	30
	455	455

Further details of directors' remuneration can be found in Note 4.

There were no other transactions with the directors requiring disclosure, other than the loans disclosed at note 17.

Transactions between the Company and its subsidiaries
The consideration relating to the transfer of the insolvency operations during the period ended 31 March 2007 from Invocas Group plc to the subsidiary Invocas Financial Limited remains outstanding on the inter-Company current account. The Company has agreed not to require settlement within 12 months of £4.2 million within the consideration which relates to the book value of property, plant and equipment and intangible fixed assets transferred to the subsidiary. This amount has been left on loan and is disclosed as a long-term asset, within trade and other receivables, in the Company's statement of financial position.

During the year to 31 March 2016 the Company received net cash transfers of £983,000 from Invocas Financial Limited, (2015: £1,494,000), £301,000 from Turndebtaround Limited (2015: £34,000) and £24,000 from Fresh Start UK Debt Management Limited. The Company paid net transfer of £22,000 (2015: £nil) to The Affordability Assessment Centre Limited.

Management charges raised by the Company in respect of the recharge of directors' remuneration and property costs to its subsidiaries were as follows; Invocas Financial Limited £544,000 (2015: £967,000), Turndebtaround Limited £237,000 (2015: £289,000).

At 31 March 2016 the outstanding balances due to the Company from its subsidiaries were as follows: Invocas Financial Limited £8,363,000 (2015: £8,803,000), The Affordability Assessment Centre Limited £22,000 (2015: £nil). The outstanding balances due from the Company to its subsidiaries at 31 March 2016, were as follows: Turndebtaround Limited £9,000 (2015: £nil), Fresh Start UK Debt Management Limited £24,000 (2015: £nil)

During the year to 31 March 2016, no interCompany balances were written off (2015: £1,690,000 from Turndebtaround Ltd).

Group balances are interest free and, with the exception of £4.2 million due from Invocas Financial Limited, repayable on demand.

Ultimate Controlling Party
In the opinion of the directors there is no single controlling party.

25 SUBSEQUENT EVENTS

Since the year end, a loan of £250,000 has been negotiated from a third party investment house to provide working capital to the Group.