Invocas Group plc

FINANCIAL STATEMENTS

for the year ended

31 March 2013

Company Number: SC295886

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J M Hall – Executive Chairman
Mr A Dinolfi – Chief Executive (appointed 1st August 2013)
Mrs J-A Afrin – Finance Director (appointed 27th June 2013)
Mr P C R Lewis - Non-executive Director
Mr S J Lightley – Non-executive Director (appointed 28 February 2013)

SECRETARY

Mrs J-A Afrin

REGISTERED OFFICE

James Miller House
98 West George Street
Glasgow
G2 1PJ

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

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 2013.

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

PRINCIPAL ACTIVITIES

The Group's principal activity during the year was the provision of personal insolvency and related services.

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

OPERATING REVIEW

BACKGROUND

Following three years of losses as a result of restructuring, it was very pleasing to see the Group return to operating profit. This significant turnaround in performance is the result of the Group benefitting in full from the significant cost reductions made in prior periods, the partial impact of additional cost savings implemented during the year and the contribution of income from pursuing PPI mis-selling compensation claims on behalf of both our clients and fellow Insolvency Practitioners.

The Board took the decision to write off the remaining goodwill, principally created on flotation in March 2006, amounting to £4,244,000. This transaction is a direct result of a fundamental change in our business model and reflects the strategy towards selling cases directly on to third parties rather than retaining them.

During the year, loans totalling £860,000 were repaid to four connected parties. It would be remiss of me not to thank those individuals on behalf of all shareholders for their support for the business and faith in the Board's ability to successfully complete the restructuring of the business and to refocus on the English IVA market. This shift in emphasis not only recognises that the market for personal insolvency solutions in England & Wales is five times larger than that in Scotland, it also anticipates the impending legislative changes to Trust Deeds in Scotland which are likely to come into force in November 2013 and which will depress the margins achievable for this particular debt solution.

OPERATIONAL PERFORMANCE

At the end of the financial year the business had net cash (net of debt) of £167,000 compared to £283,000 at the beginning of the year.

Turnover from recurring activities increased slightly from £5,217,000 to £5,372,000. However, underlying gross profit increased from £1,969,000 (38%) to £3,091,000 (58%), principally as a result of:

- A reduction in headcount, which fell from 92 to 72 during the year, saving approximately £500,000
- The savings generated by bringing case closure work back in house (approximately £135,000)
- Reduced costs of case acquisition as a result of starting our own direct marketing activities (approximately £450,000).

A proportion of this headcount reduction was the result of a decision to reduce our expenditure on the ongoing development of our technology platform, the market for which remains unproven. We concentrated our remaining resource on implementing specific improvements to areas of the platform's functionality that would have maximum impact on the efficiency of our day to day operations and this focus clearly paid off. Further investment in the development of the platform will henceforth be driven by either internal or proven market need.

We also consolidated the bulk of the Group's day to day operations into our Glasgow office during the year, resulting in significant savings in our occupancy costs. This is a trend that should continue in the current year as our residual Manchester office lease comes to an end, generating further cost savings.

BOARD CHANGES

There have been a number of Board changes through the year. David Macmillan resigned as Chairman and I assumed the role of Executive Chairman in June 2012. We referred last year to the establishment of a Direct Acquisition business by my predecessor, led by Caroline Reynolds. Unfortunately, that business significantly underperformed with the result that both Caroline Reynolds, and our Sales and Marketing director, Brian Ferguson, left the Group in January 2013. Antoinette Thorpe resigned during the year to pursue other interests.

Bob Lewis has advised the Board that it is his intention to retire in the foreseeable future. In anticipation of that event, Stephen Lightley rejoined the Board as a Non-Executive Director with effect from 28th February 2013. After the year end, Andrew Parsliffe resigned on 27th June 2013 and Julie-Anne Afrin was promoted from within the Group to become Finance Director.

The Board is extremely pleased to report that Amerigo ("Rico") Dinolfi was appointed as Chief Executive on 1st August 2013. Rico has spent many years in the wider debt sector and also brings much relevant general management experience. I fully expect Rico to make a significant contribution to all aspects of the Group's activities going forward.

After a period of frequent change, the Board and Executive teams are now well balanced, stable and have the skill sets to accelerate delivery of our chosen strategy.

LOOKING FORWARD

The prospects for the business remain positive. The apparent backdrop of austerity has not been accompanied by any significant repayment of personal debt in the UK, which stood at £1,424 trillion at 31 May 2013 (compared to £1,458 trillion at 30 June 2012). This level of debt has not, thus far, resulted in an increase in the number of personal insolvencies in the UK, which remain flat. However, despite the benign interest rate regime, increased take up of pay day loans, low pay increases and the erosion of household purchasing power all point to increasing levels of financial distress for consumer debtors who are the customers for our core personal insolvency solutions.

We will also continue to expand our service offerings in the current year. We are already building a Debt Management Plan capability and will add the cross selling of other financial products which are appropriate to the needs of our clients. We have also developed a bespoke offering to fellow Insolvency Practitioners to act on their behalf to pursue compensation claims for the mis-selling of PPI to their clients and we will continue to promote this service to those who recognise the benefit of working with a provider who truly understands the impact of the insolvency process on the claim process.

We expect our trading results to be positive in 2013/14 and remain cautiously optimistic about the future.

FINANCIAL REVIEW

Revenue
Revenue for the period increased by 3% to £5.37m compared to the ongoing turnover of £5.22m in 2012.

Work won
Overall case numbers have decreased by 35% resulting from the company continuing to sell back book cases during the year.

Operating results
The underlying profit for the period was £0.21m compared to the underlying loss of £1.61m in 2012. Excluding non cash costs (depreciation, amortisation, asset write offs and share option costs) the EBITDA profit for the period was £0.44m (2012: £1.32m loss). The cost reductions effected over the last two years have resulted in an improved gross profit and lower overhead costs which combine to account for the transition to an EBITDA profit for the year.

Costs in the period for ongoing activities were £5.22m compared to £6.92m in 2012. Excluding non cash costs (depreciation, amortisation, and share option costs), cash operating costs have reduced by 24% to £4.94m (2012: £6.44m).

Average staff numbers have reduced by 12% to 84 (2012: 95), with the full impact of this reduction on costs due to be reflected in 2013/14.

One-off costs
The Group decided to write off £4.14m of goodwill within Invocas Financial Limited (formerly Invocas Business Recovery and Insolvency Limited) on the basis that this no longer represents an asset of the business. In addition, £109k of goodwill relating to subsequent business acquisitions and intangible assets from within Turndebtaround Limited (formerly Newtomorrow Limited) were written off.

Balance Sheet
The net assets of the group as at 31 March 2013 are £2.57m (2012: £6.69m).

Amounts recoverable under contract have decreased to £1.94m (2012: £2.03m) as a result of successful initiatives to reduce working capital investment and increase billing cycles.

Assets include £620,000 of deferred taxation in relation to losses in prior periods. Potential additional deferred taxation losses of £809,000 (2012: £1,111,000) have not been recognised in the financial statements.

During the period the business repaid loans of £860,000 to four connected parties.

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

RESULTS AND DIVIDENDS

The Group's trading loss for the year after taxation was £4.1 million (2012: trading loss £2.5 million).

The Group 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.

DIRECTORS

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

Mr J M Hall	Executive Chairman
Mr A J Parsliffe	Finance Director (appointed 28th May 2012, resigned 27th June 2013)
Mr B Ferguson	Sales and Marketing Director (resigned 31st January 2013)
Miss C M Reynolds	Advice and Service Director (resigned 31st January 2013)
Miss A Thorpe	Insolvency Director (appointed 28th May 2012, resigned 3rd January 2013)
Mr D R Macmillan	Chairman (resigned 28th May 2012)
Mr P C R Lewis	Non-executive Director
Mr S J Lightley	Non-executive Director (appointed 28th February 2013)

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

There are no Directors' share options as at the date of the report.

POLICY ON PAYMENT OF CREDITORS

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 2013 were 28 days (2012: 30 days) for the Group and 37 days (2012: 49 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 basies. 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 23 to the consolidated financial statements.

KPIs

The principal KPIs used to manage the business are new cases (2013: 1,011, 2012: 1,556), gross margin before one off items (2013: 58%, 2012: 38%), and amounts recoverable on contracts (2013: £1.9m, 2012: £2.0m).

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 page 2 and 3. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 3 and 4. In addition, note 23 to the financial statements include the policies and processes for managing its financial risks.

The Group's strategy as outlined in the Operating Review will be to continue to shift the focus of its core personal insolvency business towards England & Wales, where the market is much larger, to build additional revenue streams from the provision of non formal debt solutions, to add complementary revenue streams from the cross selling of appropriate financial products and to provide specialist PPI claims management services to other Insolvency Practitioners.

Currently there is no overdraft facility available to the Group.

Having considered the uncertainties in the market place and associated with the business model, the Directors have a reasonable expectation that the company has 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.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP as auditor will be proposed at the Annual General Meeting.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Group made no charitable donations and no political donations during the year (2012: £Nil).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 27th August 2013 and signed on its behalf by:

Mr J M Hall
Executive Chairman
27th August 2013

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare 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.

PRINCIPLES OF CORPORATE GOVERNANCE

The Group is committed to high standards of corporate governance. The Board is accountable to the Group's shareholders for good corporate governance.

The role of the Board is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met.

BOARD STRUCTURE

The Board comprises the Executive Chairman, Executive Directors, and two other Non-executive Directors.

The Board is responsible to shareholders for the proper management of the Group. A statement of Directors' responsibilities in respect of the financial statements is set out on page 6. The Executive Chairman and the other Non-executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board has a formal schedule of matters reserved to it and meets monthly. It is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

INTERNAL CONTROL

The Directors are responsible for the Group's system of internal control and reviewing its effectiveness.

The Board has designed the Group's system of internal control in order to provide the Directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the control system in operation are:

- the Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority;
- there are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts;
- the Board is required annually to undertake a full assessment process to identify and quantify the risks that face the business and functions, and assess the adequacy of the prevention, monitoring and modification practices in place for those risks; and
- the Audit Committee receives reports from the external auditors on a regular basis and from the Executive Directors. During the period, the Audit Committee has reviewed the effectiveness of the system of internal control as described above. The Board receives periodic reports from all committees.

The Directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the year.

We have audited the group and parent company financial statements ("the financial statements") which comprise the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 more fully explained in the Directors' Responsibilities Statement set out on page 7, 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 website at http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 March 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Baker Tilly UK Audit LLP

ALAN AITCHISON (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH
28th August 2013

Invocas Group plc
STATEMENT OF FINANCIAL POSITION
As at 31 March 2013

Company No. SC295886

	Notes	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Non-current assets					
Intangible assets	9	173	4,663	173	419
Property, plant and equipment	10	15	45	2	2
Investments	11	-	-	241	241
Amounts owed by Group undertakings	13	-	-	4,231	4,231
Deferred tax assets	18	620	653	-	-
Total non-current assets		**808**	**5,361**	**4,647**	**4,893**
Current assets					
Inventories	12	-	36	-	-
Trade and other receivables	13	2,129	2,502	4,884	6,078
Cash and cash equivalents	14	224	1,228	177	1,035
Current tax receivable	20	-	-	-	-
Total current assets		2,353	3,766	5,061	7,113
Current liabilities					
Bank loans and overdraft	14	-	-	-	-
Trade and other payables	19	538	1,464	408	1,105
Finance lease obligations	21	31	28	-	-
Current tax payable	20	-	-	-	-
Loans	22	-	860	-	860
Total current liabilities		569	2,352	408	1,965
Net current assets		**1,784**	**1,414**	**4,653**	**5,148**
Non-current liabilities					
Deferred tax liabilities	18	-	29	-	-
Finance lease obligations	21	26	57	-	-
Total non-current liabilities		**26**	**86**	**-**	**-**
Total Assets less liabilities		**2,566**	**6,689**	**9,300**	**10,041**
Equity					
Equity attributable to equity holders of Parent Company					
Share capital	15	71	71	71	71
Share premium	16	8,642	8,642	8,642	8,642
Share-based payment reserve	16	-	100	-	100
Retained earnings	16	(6,147)	(2,124)	587	1,228
Total Equity		**2,566**	**6,689**	**9,300**	**10,041**

The financial statements on pages 10 to 40 were approved by the Board of Directors and authorised for issue on 27th August 2013 and are signed on its behalf by:

Hall

Mr J M Hall
Executive Chairman

Invocas Group plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2013

			Notes	Total 2013 £'000	Total 2012 £'000
Revenue	-	Underlying	1,2	5,372	5,217
	-	One off		-	3,762
				5,372	**8,979**
Direct costs	-	Underlying		(2,281)	(3,248)
	-	One off		-	(3,492)
				(2,281)	**(6,740)**
Gross Profit	-	Underlying		3,091	1,969
	-	One off		-	270
				3,091	**2,239**
Marketing expenses	-	Underlying		(11)	(164)
	-	One off		-	-
Administrative expenses	-	Underlying		(2,931)	(3,504)
	-	One off		(4,244)	(1,148)
Share-based Payment				59	89
Profit/(Loss) from operations	-	Underlying	3	208	(1,610)
	-	One off		(4,244)	(878)
				(4,036)	**(2,488)**
Finance income			6	5	158
Finance costs			7	(29)	(122)
(Loss) before taxation				**(4,060)**	**(2,452)**
Corporation tax (charge)/credit			8	(4)	-
Total comprehensive (loss) for the year				**(4,064)**	**(2,452)**

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.

Group

	Share Capital £'000	Share Premium Account £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 31 March 2011	71	8,642	189	328	9,230
Total comprehensive loss for the year	-	-	-	(2,452)	(2,452)
Share-based payment	-	-	(89)	-	(89)
Balance at 31 March 2012	71	8,642	100	(2,124)	6,689
Total comprehensive loss for the year	-	-	-	(4,064)	(4,064)
Share-based payment	-	-	(100)	41	(59)
Balance at 31 March 2013	71	8,642	-	(6,147)	2,566

Company

	Share Capital £'000	Share Premium Account £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 31 March 2011	71	8,642	189	2,071	10,973
Total comprehensive loss for the year	-	-	-	(843)	(843)
Share-based payment	-	-	(89)	-	(89)
Balance at 31 March 2012	71	8,642	100	1,228	10,041
Total comprehensive loss for the year	-	-	-	(682)	(682)
Share-based payment	-	-	(100)	41	(59)
Balance at 31 March 2013	71	8,642	-	587	9,300

Invocas Group plc

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 March 2013

	Notes	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Loss before tax		(4,060)	(2,452)	(679)	(865)
Adjustments for:					
Investment written off		-	-	-	94
Depreciation of property, plant and equipment		39	145	1	3
Amortisation of intangibles		246	239	246	234
Amounts written off intangible assets		4,244	90	-	-
Share-based payment charges		(59)	(89)	(59)	(89)
Interest received		(5)	(158)	(4)	(158)
Finance costs		29	122	21	111
Operating cash flow before movement in working capital		434	(2,103)	(474)	(670)
(Increase)/decrease in inventories		36	66	-	-
(Increase)/decrease in trade and other receivables		373	3,722	1,191	1,593
(Decrease)/increase in trade and other payables		(926)	412	(697)	409
Movement in working capital		(517)	4,200	494	2,002
Cash (used in)/generated by operations		(83)	2,097	20	1,332
Income taxes recovered/(paid)		-	-	-	-
Net cash (used in)/generated by operating activities		(83)	2,097	20	1,332
Investing activities					
Purchase of property, plant and equipment		(9)	(4)	(1)	(2)
Purchase of intangibles		-	(238)	-	(238)
Interest received		5	158	4	158
Net cash (used in)/generated by investing activities		(4)	(84)	3	(82)
Financing activities					
Loan		(860)	160	(860)	160
Finance lease payments		(28)	(16)	-	-
Finance costs		(29)	(122)	(21)	(111)
Net cash (used in)/generated by financing activities		(917)	22	(881)	49
Net increase/(decrease) in cash and cash equivalents		(1,004)	2,035	(858)	1,299
Cash and cash equivalents at beginning of year	14	1,228	(807)	1,035	(264)
Cash and cash equivalents at end of year	14	224	1,228	177	1,035

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.

Invocas Group plc is incorporated and domiciled in the United Kingdom.

The financial statements have been prepared on the historical cost basis. The consolidated financial statements are presented in sterling which is also the functional currency of the Company. 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 2. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 3. In addition, note 23 to the financial statements include the policies and processes for managing its financial risks.

The Group's strategy as outlined in the Operating Review will be to shift the focus onto securing Trust Deed and IVA cases onto our platform and away from the administration of personal cases. This has significant benefits in terms of lower working capital and lower costs, but creates uncertainty as the success of this strategy is dependent on securing higher numbers of new cases and retaining key business to business partnerships.

Currently there is no overdraft facility available to the Group.

Having considered the uncertainties generated through the shift in the business model, the Directors have a reasonable expectation that the company has 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.

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 £682,000 (2012: loss £843,000).

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.

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

Websites acquired during the period 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). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

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.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

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.

INVENTORIES

Inventories represent the cost of time spent on cases where there is no automatic entitlement to income at the reporting date. Inventories are stated at the lower of cost and net realisable value. Cost comprises direct labour costs and those overheads that have been incurred on the cases to date. Net realisable value represents the estimated selling price less due provision for those costs that may not be fully 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.

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.

Bank borrowings
All interest bearing loans and other borrowings are initially recorded at fair value, which represents the fair value of the consideration received, net of any issue costs associated with other borrowings. Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an amortised cost basis to the statement of comprehensive income using the effective interest method, being recognised in the statement of comprehensive income over the term of such instruments at a constant rate on the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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.

TAXATION (continued)

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.

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.

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 transfers 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

Judgment 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 £615,000 has been retained as an asset as the Directors have a reasonable belief that the losses will be fully utilised in future periods.

INTERPRETATIONS AND STANDARDS EFFECTIVE IN THE CURRENT PERIOD

The following new standards, amendments to standards or interpretations became effective for the first time. The adoption of these interpretations, standards or amendments to standards were either not relevant for the company or have not led to any significant impact on the Group's and Company's financial statements.

Standard		Issued	Effective date: periods commencing on or after	EU Endorsement status
IAS 12	Income Taxes – Amendment; Deferred Tax: Recovery of underlying assets	20 Dec 10	01 Jan 12	11 Dec 12

INTERPRETATIONS TO EXISTING STANDARDS AND NEW STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP OR COMPANY.

At the date of the authorisation of the financial information, the following standards and interpretations, which have not been applied in the financial information, were in issue but not yet effective:

Standard		Issued	Effective date: periods commencing on or after	EU Endorsement Status
IAS 1	Presentation of Financial Statements – Amendment; Presentation of items in other comprehensive income	16 Jun 11	01 Jul 12	05 Jun 12
IAS 19	Employer Benefits - Amendments	16 Jun 11	01 Jan 13	05 Jun 12
IFRS 1	First Time Adoption of IFRS – Amendments; Government loans	13 Mar 12	01 Jan 13	04 Mar 13
IFRS 7	Financial Instruments – Disclosure – Amendment; Offsetting financial assets and financial liabilities	16 Dec 11	01 Jan 13	13 Dec 12
IFRS13	Fair Value Measurement	12 May 11	01 Jan 13	11 Dec 12
IAS 32	Financial Instruments – Presentation – Amendment; Offsetting financial assets and financial liabilities	16 Dec 11	01 Jan 14	13 Dec 12
IAS 27	Separate Financial Statements (amended 2011)	12 May 11	01 Jan 13	11 Dec 12
IAS 28	Investments in Associates and Joint Ventures (amended 2011)	12 May 11	01 Jan 13	11 Dec 12
IFRS 10	Consolidated Financial Statements	12 May 11	01 Jan 13	11 Dec 12
IFRS 11	Joint Arrangements	12 May 11	01 Jan 13	11 Dec 12
IFRS 12	Disclosure of Interests in Other Entities	12 May 11	01 Jan 13	11 Dec12
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	19 Oct 11	01 Jan 13	11 Dec 12
IFRS 10	Consolidated Financial Statements – Amendment; Transitional Guidance	28 Jun 12	01 Jan 13	Q1 2013
IFRS 11	Joint Arrangements – Amendment; Transitional Guidance	28 Jun 12	01 Jan 13	Q1 2013
IFRS 12	Disclosure of Interests in Other Entities – Amendment; Transitional Guidance	28 Jun 12	01 Jan 13	Q1 2013
IAS 27	Separate Financial Statements – Amendment; Investment entities	31 Oct 12	01 Jan 14	Q3 2013
IFRS 10	Consolidated Financial Statements – Amendment; Investment entities	31 Oct 12	01 Jan 14	Q3 2013
IFRS 12	Disclosure of Interests in Other Entities – Amendment; Investment entities	31 Oct 12	01 Jan 14	Q3 2013
IFRS 9	Financial Instruments	12 Nov 09 including amendment 16 Dec 11	01 Jan 15	Postponed

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial information when the relevant standards and interpretations come into effect.

1 REVENUE

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

	2013 £'000	2012 £'000
Continuing operations:		
Insolvency services	5,372	8,979

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:

	2013 £'000	2012 £'000
Case Management	3,587	4,438
Business to Customer	1,350	599
Business to Business	282	-
Technology	39	33
Other	114	147
	5,372	5,217
Exceptional – VAT reclaim	-	2,726
Exceptional – Book sales	-	1,473
Exceptional – Other	-	(437)
	5,372	8,979

3 LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:

	2013 £'000	2012 £'000
Depreciation – owned assets	16	111
Depreciation – leased assets	23	34
Amortisation of intangible assets – owned assets	246	239
Amortisation of intangible assets – leased assets	-	-
Amounts written off intangible assets	4,244	90
Auditor's remuneration	39	117
Payments under operating leases;		
- land and buildings	205	287
- other assets	54	51
- contingent rent	-	-

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services:

	2013 £'000	2013 %	2012 £'000	2012 %
Audit services				
- Statutory audit – company	11	28	9	8
- Statutory audit – subsidiary companies	22	56	17	15
Tax services				
- Compliance services	2	5	12	9
- Advisory services	3	8	15	13
- VAT reclaim	1	3	64	55
Other services				
- Regulatory compliance	-	-	-	
	39	100	117	100
Comprising				
- Audit services	33	85	26	22
- Non audit services	6	15	91	78
	39	100	117	100

4 STAFF COSTS

The average monthly number of employees (including Executive Directors) for the year was as follows:

	2013 No.	2012 No.
Executive Directors	4	6
Group services	17	21
Insolvency services	63	68
	84	95

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

	2013 No.	2012 No.
	72	92

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

	2013 £'000	2012 £'000
Wages and salaries	2,684	3,383
Social security costs	284	368
Share-based payment	(59)	(89)
	2,909	3,662

Aggregate payroll costs include termination costs of £5,284, (2012: £107,973) within wages and salaries.

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

	2013 £'000	2012 £'000
Emoluments	689	841
Compensation for loss of office	10	11
Benefits	4	5
	703	857

There were no directors accruing benefits under defined contribution schemes during the year (2012: None).

The remuneration in respect of the highest paid director was:

	2013 £'000	2012 £'000
Emoluments	196	180
Benefits	1	1
	197	181

5 ONE OFF ITEMS

One off items are items of income and expenditure that are non-recurring and, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to provide a further understanding of the Group's financial performance and enable comparison of financial performance between periods. Items of income or expense that are considered by management for designation as one off are as follows:

	2013	2012
VAT reclaim:	£'000	£'000
Revenue	-	2,726
Related expenses	-	(64)
Interest on VAT overpaid	-	157
	-	2,819
Other:		
Invocas Financial Ltd goodwill written off	(4,135)	-
Turndebtaround Ltd software written off	(14)	-
Netchwood Goodwill written off	(95)	-
Book sales – revenue	-	1,473
Additional Case provisions and write offs – revenue	-	(437)
Book sales – direct costs	-	(3,492)
Restructuring costs	-	(994)
Asset write-offs / loss on disposal	-	(90)
	(4,244)	(3,540)

6 FINANCE INCOME

	2013	2012
	£'000	£'000
Bank interest receivable	5	1
Interest on VAT overpaid	-	157
	5	158

7 FINANCE COSTS

	2013	2012
	£'000	£'000
Interest on bank loans and overdrafts	3	13
Interest on obligations under finance leases	8	11
Interest on loans to connected parties	18	98
	29	122

8 TAXATION

	2013 £'000	2012 £'000
Current tax:		
UK - current year	-	-
UK - Adjustments in respect of prior periods	-	-
	-	-
Deferred tax (Note 18):		
Origination and reversal of temporary differences	30	-
Adjustment in respect of share-based payment reserve	(34)	-
	(4)	-
Corporation tax (charge)/credit	(4)	-

UK Corporation tax is calculated at 24% (2012: 26%) of the estimated assessable loss for the year. The credit for the year can be reconciled to the loss per the statement of total comprehensive income as follows:

	2013 £'000	2012 £'000
Loss before tax	(4,060)	(2,452)
Tax at the domestic income tax rate 24% (2012: 26%)	(974)	(638)
Tax effect of expenses that are not deductible in determining taxable profit	1,002	(1)
Capital allowances in excess of depreciation	(3)	-
Utilisation of tax losses brought forward	(105)	-
Taxation credit not recognised as an asset	80	639
Origination and reversal of temporary differences	(4)	-
Tax (charge)/credit for the year	(4)	-

9 INTANGIBLE ASSETS

Group	Goodwill	Other Intangibles	Total
2012	£'000	£'000	£'000
Cost			
At 1 April 2011	4,230	811	5,041
Additions	-	238	238
Amounts written off during the year	-	(171)	(171)
At 31 March 2012	4,230	878	5,108
Amortisation			
At 1 April 2011	-	287	287
Charge for the year	-	239	239
Amounts written off during the year	-	(81)	(81)
At 31 March 2012	-	445	445
Net book value			
At 31 March 2012	4,230	433	4,663
2013			
Cost			
At 1 April 2012	4,230	878	5,108
Additions	-	-	-
Amounts written off during the year	(4,230)	(111)	(4,341)
At 31 March 2013	-	767	767
Amortisation			
At 1 April 2012	-	445	445
Charge for the year	-	246	246
Amounts written off during the year	-	(97)	(97)
At 31 March 2013	-	594	594
Net book value			
At 31 March 2013	-	173	173

Goodwill

The Group decided to write off £4.14m of goodwill within Invocas Financial (formerly Invocas Business Recovery and Insolvency Limited) on the basis that this no longer represents an asset of the business. In addition £95k of goodwill related to the Netchwood acquisition and £14k of other intangible cost from within Turndebtaround Limited (formerly Newtomorrow Limited) were written off.

Goodwill acquired through business combinations has been allocated for impairment testing purposes to insolvency services. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Impairment testing for goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. An impairment loss is recognised if the carrying value exceeds its recoverable amount.

The recoverable amount is determined from "value in use" calculations based on the net present value of discounted cash flows. In assessing value in use, the estimated future cash flows are derived from the most recent financial budget and three year forecasts and an assumed growth rate. A terminal value is calculated by discounting using an appropriate weighted average cost of capital. Any impairment losses are recognised in the statement of comprehensive income as an expense.

Key assumptions used in value in use calculation

The key assumptions for the value in use are operating profit, discount rate and growth rate assumptions. The calculations of the value in use are most sensitive to the operating profit, discount rate and growth rate assumptions.

Operating profits – Operating profits are based on budgeted increases in revenue resulting from new work won and growth in the relevant markets.

Discount rates – Discount rates reflect management's estimate of the risks specific to the business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. The discount rate used was 10%.

Growth rate estimates – Rates are based on the most recent financial budget and three year forecast and the assumed growth rate of 2.25% beyond the end of year 3.

Sensitivity to change in assumptions

With regard to the assessment of value in use management believes that there is no reasonable possibility that any change in the above key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

Other intangible assets

Other intangible assets includes software, software development costs and trademarks, and also includes cloud-based software and services platform capitalised during the year.

There were no additions in the year (2012: £238,000) The additions in 2012 relate to the capitalisation of internally generated software development.

Amortisation expense of £246,000 has been charged to administrative expenses for the Group (2012: £239,000).

In respect of assets held under finance leases, the net book value included in other intangibles is £Nil (2012: £25,304).

9 INTANGIBLE ASSETS (continued)

Company	Other Intangibles £'000	Total £'000
2012		
Cost		
At 1 April 2011	529	529
Additions	238	238
Amounts written off during the year	-	-
At 31 March 2012	767	767
Amortisation		
At 1 April 2011	114	114
Charge for the year	234	234
Disposals	-	-
At 31 March 2012	348	348
Net book value		
At 31 March 2012	419	419
2013		
Cost		
At 1 April 2012	767	767
Additions	-	-
At 31 March 2013	767	767
Amortisation		
At 1 April 2012	348	348
Charge for the year	246	246
At 31 March 2013	594	594
Net book value		
At 31 March 2013	173	173

Other intangible assets consist of software and website development costs and trademarks.

There were no additions in the year (2012: £238,000). Additions in 2012 relate to the capitalisation of internally generated software development.

Amortisation of £246,000 has been charged to administrative expenses during the year (2012: £234,000).

The net book value in respect of assets held under the finance lease is £Nil (2012: £Nil).

No assets were written off during the year (2012: £Nil net book value).

10 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements £'000	IT equipment £'000	Fixtures & equipment £'000	Total £'000
2012				
Cost				
At 1 April 2011	201	328	139	668
Additions	2	-	2	4
Disposals	-	-	(5)	(5)
Transfers	(1)		1	-
At 31 March 2012	202	328	137	667
Depreciation				
At 1 April 2011	119	250	113	482
Charge for the year	75	50	20	145
Disposals	-	-	(5)	(5)
Transfers	(1)	-	1	-
At 31 March 2012	193	300	129	622
Net book value				
At 31 March 2012	9	28	8	45
2013				
Cost				
At 1 April 2012	202	328	137	667
Additions	-	1	9	10
Disposals	(181)	(211)	(94)	(486)
At 31 March 2013	21	118	52	191
Depreciation				
At 1 April 2012	193	300	129	622
Charge for the year	3	29	7	39
Disposals	(180)	(211)	(94)	(485)
At 31 March 2013	16	118	42	176
Net book value				
At 31 March 2013	5	-	10	15

Depreciation expense of £39,000 has been charged to administrative expenses for the Group (2012: £145,000).

The net book value of the Company's IT equipment in respect of assets held under finance leases amounts to £Nil (2012: £23,000).

10 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	IT Equipment £'000	Fixtures & equipment £'000	Total £'000
2012			
Cost			
At 1 April 2011	2	1	3
Additions	1	1	2
At 31 March 2012	3	2	5
Depreciation			
At 1 April 2011	-	-	-
Charge for the year	2	1	3
At 31 March 2012	2	1	3
Net book value			
At 31 March 2012	1	1	2

Company	IT Equipment £'000	Fixtures & equipment £'000	Total £'000
2013			
Cost			
At 1 April 2012	3	2	5
Additions	1	-	1
At 31 March 2013	4	2	6
Depreciation			
At 1 April 2012	2	1	3
Charge for the year	1	-	1
At 31 March 2013	3	1	4
Net book value			
At 31 March 2013	1	1	2

11 INVESTMENTS

Investment in subsidiaries

Company **2012**	Share-based payment £'000	Shares £'000	Total £'000
Balance at 1 April 2011	241	94	335
Share-based payment	-	-	-
Investment written off	-	(94)	(94)
Balance as at 31 March 2012	241	-	241

Company **2013**	Share-based payment £'000	Shares £'000	Total £'000
Balance at 1 April 2012	241	-	241
Share-based payment	-	-	-
Investment written off	-	-	-
Balance as at 31 March 2013	241	-	241

Details of the Company's investments in subsidiary undertakings at 31 March 2013 are as follows:

	Place of incorporation(or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Invocas Financial Limited (formerly Invocas Business Recovery and Insolvency Limited)	Scotland	100	100	Insolvency services
Turndebtaround Limited (formerly Newtomorrow Limited)	Scotland	100	100	Debt advisory services
Invocas Financial Solutions Limited	Scotland	100	100	Debt Management services
FDC Technology Limited	Scotland	100	100	Dormant
Invocas Corporate Solutions Limited	Scotland	100	100	Dormant
Debt Solutions Scotland Limited	Scotland	100	100	Dormant

12 INVENTORIES

Group

	2013 £'000	2012 £'000
Work in progress	-	36

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.

13 TRADE AND OTHER RECEIVABLES

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Non-current:				
Amounts owed by Group undertakings	-	-	4,231	4,231
	-	-	4,231	4,231
Current:				
Amounts recoverable on contracts	1,937	2,027	-	-
Trade receivables	44	240	-	170
Amounts owed by Group undertakings	-	-	4,784	5,769
Prepayments	120	221	73	139
Other receivables	28	14	27	-
	2,129	2,502	4,884	6,078

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 2013 amounted to £1.7m (2012: £2.3m).

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

14 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 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Cash at bank	224	1,228	177	1,035
Overdraft (note 17)	-	-	-	-
	224	1,228	177	1,035

15 SHARE CAPITAL

Group and Company	2013 Number	2013 £'000	2012 Number	2012 £'000
Ordinary shares of 0.25 pence each				
Authorised:	39,000,000	98	39,000,000	98
Issued and fully paid:	28,566,585	71	28,566,585	71

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
During the period, no options were granted over ordinary shares (2012: 3,000,000). Options over 5,150,000 shares were forfeited (2012: 1,697,250), and nil options were cancelled (2012: Nil). At 31 March 2013 the Company had 5,000 unissued ordinary shares of 0.25p each (2012: 5,155,000) under the Company's share option scheme, details of which are as follows:

Grant date	No.	Option price (p)	Date from which exercisable	Expiry date
7 April 2008	5,000	66	7 April 2011	7 April 2018
	5,000			

Details of the share options are disclosed at note 27.

16 RESERVES

Share Based Payment Reserve
This reserve is the result of the Company's grant of equity settled share options to selected employees and measured in accordance with IFRS2 share based payments.

There is a release of £59,000 against income in the year (2012: £89,000) and a transfer of £41,000 to retained earnings (2012: £Nil) with a corresponding adjustment to the share-based payment reserve.

Other Reserves
Both Share Capital and the Share Premium Account arise on the issue of shares. The Retained Earnings reflects profits earned to date.

Group	Share Premium Account £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total £'000
At 1 April 2011	8,642	189	328	9,159
Loss for the year	-	-	(2,452)	(2,452)
Movement in other reserves	-	(89)	-	(89)
At 31 March 2012	8,642	100	(2,124)	6,618
Loss for the year	-	-	(4,064)	(4,064)
Movement in other reserves	-	(100)	41	(59)
At 31 March 2013	8,642	-	(6,147)	2,495

Company	Share Premium Account £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total £'000
At 1 April 2011	8,642	189	2,071	10,902
Loss for the year	-	-	(843)	(843)
Movement in other reserves	-	(89)	-	(89)
At 31 March 2012	8,642	100	1,228	9,970
Loss for the year	-	-	(682)	(682)
Movement in other reserves	-	(100)	41	(59)
At 31 March 2013	8,642	-	587	9,229

17 BANK OVERDRAFT FACILITY

Currently there is no overdraft facility available to the Group.

18 DEFERRED TAX

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Analysis for financial reporting purposes:				
Deferred tax liabilities	-	(29)	-	-
Deferred tax assets	620	653	-	-
	620	624	-	-

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

	2013 £'000	2012 £'000
(Charge)/credit) to income for the year	30	-
(Charge)/credit to income in respect to share-based payment reserve	(34)	-
	(4)	-

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

Deferred tax liabilities

	Accelerated tax depreciation £'000	Total £'000
Deferred tax liabilities		
At 1 April 2012	29	29
Charge/(credit) to income for the year	(29)	(29)
At 31 March 2013	-	-

18 DEFERRED TAX (continued)

Deferred tax assets

	Employee share-based payment £'000	Unutilised losses £'000	Accelerated tax depreciation £'000	Total £'000
Deferred tax assets				
At 1 April 2012	34	615	4	653
(Charge)/credit to income for the year	(34)	-	1	(33)
At 31 March 2013	-	615	5	620

Utilisation of deferred tax assets is dependent on the future profitability of the Group. The Group has recognised deferred tax assets totalling £615,000 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.

Tax losses in the current year which would have resulted in additional deferred tax assets of £77,000 (2012: £639,000) were not recognised. Potential deferred taxation losses of £810,000 (2012: £1,111,000) have not been recognised in the financial statements.

19 TRADE AND OTHER PAYABLES

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Trade payables	97	311	65	202
Other taxes and social security	44	47	21	42
Accruals	397	1,106	322	861
	538	1,464	408	1,105

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

20 CURRENT TAX (RECEIVABLE)/PAYABLE

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Corporation tax	-	-	-	-

21 FINANCE LEASE OBLIGATIONS

The Group has obligations under a finance lease for software and IT equipment included in property, plant and equipment (note 10). The capital payments outstanding at 31 March 2013 are £57,000 (2012: £85,000).

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Within one year	31	28	-	-
In the second to fifth years inclusive	26	57	-	-
	57	85	-	-

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

22 LOANS

During the period loans of £860,000 were repaid to persons connected to the Directors:

	Date from	Loan as at 31 March 2012 £'000	Loan as at 31 March 2013 £'000	Date repayable	Date fully repaid
Caroline Lewis	10 Nov 2010	100	-	10 Nov 2011	27 Apr 2012
Caroline Lewis	14 Feb 2011	100	-	31 Aug 2012	31 Aug 2012
Francis Hall	10 Nov 2010	250	-	10 Nov 2011	27 Apr 2012
Francis Hall	14 Feb 2011	250	-	31 Aug 2012	31 Aug 2012
Elizabeth MacMillan	25 Aug 2011	90	-	31 Oct 2011	27 Apr 2012
Deborah Ferguson	25 Aug 2011	70	-	31 Oct 2011	27 Apr 2012
		860	-		

The loans were repayable by way of a single capital repayment on the date stated above. All outstanding loans were secured by a second floating charge. Interest was payable at rates from 7.5% to 11.0%.

23 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.

Cross guarantees are in place between the Company and its subsidiaries in respect of a combined credit card facility of £25,000.

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 Company 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 Company's other financial assets, the primary exposure relates to the financial assets of the Company 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.

24 CAPITAL COMMITMENTS

At 31 March the Group had no capital commitments for which no provision had been made in the accounts.

25 OPERATING LEASE ARRANGEMENTS

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

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Within one year	216	256	187	224
In the second to fifth years inclusive	211	351	206	326
After five years	-	-	-	-
	427	607	393	550

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

26 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 2013 (2012: £Nil).

There were contributions of £Nil due in respect of the current reporting year that had not been paid over to these schemes (2012 £Nil).

27 SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option plan
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.

	2013		2012	
	Number of share options 000's	Weighted average exercise price £	Number of share options 000's	Weighted average exercise price £
Outstanding at 1 April	5,155	0.09	3,852	0.23
Granted during the year	-	-	3,000	0.0025
Forfeited during the year	(5,150)	0.08	(1,697)	0.26
Cancelled during the year	-	-	-	-
Outstanding at 31 March	5	0.66	5,155	0.09
Exercisable at 31 March	5	0.66	5	0.66

The options outstanding at 31 March 2013 had a weighted average exercise price of £0.66 (2012: £0.09) and a weighted average remaining contractual life of 5 years (2012: 9 years).

Details of the grants of options during the period ended 31 March 2013 are given in Note 15. The fair value of those options granted on these dates was £Nil (2012: £0.06).

The fair value of the options granted under the scheme is measured by the use of the Black-Scholes model. There were no options granted during the year.

Expected volatility was based upon the historical volatility over the expected life of each grant of options. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Other share-based payment plans
The Group has established an Employee Share Incentive Plan under which the Group can issue free shares to qualifying employees. No such issues were made during the year.

28 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel
The remuneration of the Directors and Executive Committee, 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.

	2013 £'000	2012 £'000
Short-term employee benefits (including NIC)	799	953
Share option charge/(credit)	(59)	(89)
Compensation for loss of office	10	11
	750	875

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

There were no other transactions with the Directors requiring disclosure.

Other transactions with related parties
Other transactions consist of loans made to the Group as detailed in note 22.

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 (formerly Invocas Business Recovery and Insolvency 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 2013 the Company received net cash transfers of £2.4 million from Invocas Financial Limited, (formerly Invocas Business Recovery and Insolvency Limited), (2012: £2.6 million), and net cash transfers of £0.2m from Turndebtaround Limited, (formerly Newtomorrow Limited), (2012: £0.1m).

In addition to the above the Company received £Nil (2012:£2.9m) on behalf of Invocas Financial Limited, and received £Nil (2012:£127k) on behalf of Invocas Financial Solutions Limited. The Company also paid £Nil (2012:£0.9m) on behalf of Invocas Financial Limited. Invocas Financial Limited paid £0.2million (2012: £Nil) on behalf of the Company.

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 £1.7 million, (2012: £3.4 million), Turndebtaround Limited £0.9 million, (2012: £0.5 million) and Invocas Financial Solutions Limited £Nil, (2012: £Nil).

At 31 March 2013 the outstanding balances due to the Company from its subsidiaries were as follows: Invocas Financial Limited £9.0million (2012: £10.0 million), Turndebtaround Limited £1.3 million (2012: £0.6 million) and Invocas Financial Solutions Limited £Nil (2012: £0.2 million).

The Company has made a bad debt provision of £1,307,716 against the balance due from Turndebtaround Limited of which £742,102 relates to the year ending 31 March 20113, and has written off £206,486 against the balance due from Invocas Financial Solutions Limited which was provided for in the prior year.

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