Invocas Group plc

FINANCIAL STATEMENTS

for the year ended

31 March 2015

Company Number: SC295886

CONTENTS

DIRECTORS

Mr J M Hall
Mr A Dinolfi
Mrs J-A Afrin
Mr S J Lightley

SECRETARY

Mrs J-A Afrin

REGISTERED OFFICE

James Miller House
98 West George Street
Glasgow
G2 1PJ

AUDITOR

Scott-Moncrieff
Exchange Place 3
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 2015.

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
Mrs J-A Afrin	Finance Director
Mr P C R Lewis	Non-executive Director (resigned 31 March 2015)
Mr S J Lightley	Non-executive Director

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.18.

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 4 August and signed on its behalf by:

Mr J M Hall
Chairman

OPERATING REVIEW

BACKGROUND

The year was characterised both internally and in the wider debt sector by the growing impact of the Financial Conduct Authority ("FCA") as well as Treating Customers Fairly ("TCF") requirements. At the time of writing my introduction to last year's accounts, the requirements and impact of the FCA were something of an unknown quantity. As it has turned out, the FCA has become a significant influence on the sector. 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 formal application for FCA approval. At the time of writing, we have submitted responses to the FCA's follow-up questions and are optimistic that we will be granted a full licence in the near future. Our strategy of targeting debt purchase and collection companies has continued and, whilst we have received very positive feedback on our core proposition, 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. This has meant that relatively few new cases were acquired during the year from this source. Nevertheless, our Manchester based advice centre became fully operational during the year and continued to win cases from the traditional data acquisition route.

In the wider market, many of the smaller debt solution providers have decided that the compliance costs of the FCA regime are not for them and we have seen a number of players exit the market. Others have decided to move out of the informal debt solutions markets and to focus only on formal solutions, regulated by the insolvency industry. In the collections arena, TCF has been, and continues to be, transformational with many commentators questioning the validity of the ubiquitous contingent collection business model.

In the context of a market undergoing fundamental structural change, it is pleasing to note that our results for the year to 31 March 2015 show a return to profit.

The profit achieved has been principally attributable to our successful outsourced PPI claims management operation, which secured a number of significant contracts during the year, the income from which will be a significant contributor over the next 2 years. There are still opportunities to win additional PPI portfolios and we intend to maximise this opportunity during the remainder of 2015-16.

Given the changes in the market place, we have carried out a further review of our core strategy and are now focussed on introducing services which will assist potential business referrers with meeting the compliance and other requirements of both the FCA and TCF. We believe that our proposition in this area is unique. The underlying market position in terms of total UK unsecured debt remains in our favour, with personal borrowing continuing to increase despite the challenges of austerity.

The year also saw a number of key Board changes. Bob Lewis retired as a Non Executive Director on 31 March 2015. I would like to thank Bob for his sterling service, having been with the business since its inception. I have also changed my own role and have largely relinquished my executive responsibilities which have been assumed by our CEO, Rico Dinolfi. In order to give the Board greater insight into the wider personal credit and debt sector, we carried out a search for an additional non executive director with relevant experience. In this regard I am pleased to say that Bob Tomkys has agreed to join the Board and we will ask shareholders to approve his election at the forthcoming AGM.

Since the year end we have granted share options to the extent of 5% of the authorised share capital of the Company to our CEO, Rico Dinolfi, and 2% to our Finance Director, Julie-Anne Afrin. Rico and Julie-Anne have both played a key part in delivering the return to profitability and will be instrumental in delivering our strategy going forward. It was therefore entirely appropriate to provide them with an incentive to deliver accelerated growth and profitability for the benefit of all shareholders. We have also made arrangements to combine our two Scottish offices into a single, central location in Livingston with effect from 1 October this year. This should produce significant annualised cost savings.

Despite our optimism, we recognise that many of our shareholders would like to dispose of their holdings, given that the Company is no longer listed on the AIM market. To this end, we are talking to a number of corporate finance advisors with a view to finding an investor who understands our core strategy and the growth opportunities brought by structural change in the wider debt market. Our preferred goal is to achieve an MBO which will allow legacy shareholders to achieve an exit and, at the same time, to enable the new management team to secure additional ownership stakes in the business.

I look forward to updating shareholders further at our AGM later in the year.

OPERATIONAL PERFORMANCE

Our cash position improved markedly during the year. At 31 March 2015 the business had net cash of £114,000 (net of debt) compared to net debt of £123,000 at the beginning of the year.

Turnover from recurring activities decreased from £3,341,000 to £2,965,000 with Gross Profit decreasing in line with turnover in absolute terms from £1,938,000 (58%) to £1,924,000 (65%), but showing an improved margin.

Administrative expenses (before one off items) fell by over 13% from £2,173,000 to £1,874,000. Within this significant reduction, payroll costs decreased by 16% and other administrative costs, many of which are fixed, by 10%.

LOOKING FORWARD

UK personal debt remains at record levels, standing at £1.436 trillion at 31 May 2015 (compared to £1.407 trillion at 31 May 2014). Despite this record level of debt, personal insolvencies in the UK fell significantly by 6.3% in England & Wales and by 16.1% in Scotland. This reduction may well be temporary as it looks increasingly likely that the long anticipated rises in interest rates will happen later this year. This will impact mortgage and other debt repayments and is likely to add to the financial stress of heavily indebted consumers, who remain the core customers for our personal insolvency solutions.

The FCA has recently published its thematic review of the sector, which confirms that it is one that they believe has a high risk of consumer detriment. As noted above, the FCA's approach to regulation has already caused structural change in the sector and this is likely to continue. 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 this disruption.

During the year, we saw the benefit from our bespoke PPI claims management offering which was anticipated in last year's accounts. Our revenue in this area increased from £277k to £677k, and will continue to be a major contributor in the current year.

Our proposition based on helping lenders and others to ensure they are compliant with the requirements of both the FCA and TCF is being well received in the market and we expect that the relevant services will begin to contribute to both revenue and profit in H2 of the current year. We therefore anticipate positive trading results for the 2015/16 year.

FINANCIAL REVIEW

Revenue
Revenue for the period was £2.97m compared to £3.34m in 2014. This reduction was principally attributable to the fall in administration fees from historical back book cases, which continued to fall in number during the year as older cases were brought to a close.

Operating results
The underlying profit for the period was £0.005m compared to an underlying loss of £0.23m in 2014. Excluding non-cash costs (depreciation, amortisation, asset write offs and share option costs) the EBITDA profit for the period was £0.11m (2014: £0.06m).

Average staff numbers have reduced by 10% to 55 (2014: 61),

Balance Sheet
The net assets of the group as at 31 March 2015 are £2.00m (2014: £1.90m).

Amounts recoverable under contract have decreased by 18% to £1.64m (2014: £2.00m)

Assets include £278,000 of deferred taxation in relation to losses in prior periods. Potential additional deferred taxation losses of £1,016,000 (2014: £1,022,000) 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 profit for the year after taxation was £30,000 (2014: £593,000 loss).

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.

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 2015 were 30 days (2014: 28 days) for the Group and 47 days (2014: 37 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 19 to the consolidated financial statements.

KPIs
The principal KPIs used to manage the business are gross margin before one off items (2015: 65%, 2014: 58%), amounts recoverable on contracts (2015: £1.64m, 2014: £2.00m), PPI income (2014: £667k, 2014: £277k), case closure fees (2015 £688k: 2014 £630k) and new cases (2015: 35, 2014: 165).

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 3. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 4 and 5. In addition, note 19 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 maximise revenues from its specialist PPI claims management services to other Insolvency Practitioners whilst building on the opportunities to sell products and services which enable lenders, debt purchasers and others to demonstrate compliance with the requirements of the FCA and TCF.

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.

APPROVAL

This report was approved by the Board of Directors and authorised for issue on 4 August 2015 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 2015 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 and parent company statements 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 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 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 2015 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.

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: 4 August 2015

Invocas Group plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Notes	Total 2015 £'000	Total 2014 £'000
Revenue	1	**2,965**	3,341
Direct costs		**(1,041)**	(1,403)
Gross Profit		**1,924**	1,938
Administrative expenses		**(1,874)**	(2,173)
Profit/(loss) from operations	3	**50**	(235)
Investment income	5	**1**	1
Finance costs	6	**(21)**	(17)
Profit/(loss) before taxation		**30**	(251)
Corporation tax charge	7	**-**	(342)
Total comprehensive income/(loss) for the year		**30**	(593)

The profit/(loss) for the year arises from continuing operations.

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

The accounting policies and notes on pages 14 to 35 form part of these financial statements.

Invocas Group plc

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015 | Company No. SC295886

	Notes	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Non-current assets					
Intangible assets	8	-	22	-	22
Property, plant and equipment	9	66	83	63	76
Investments	10	-	-	-	-
Amounts owed by Group undertakings	11	-	-	4,231	4,231
Deferred tax assets	13	278	278	-	-
Total non-current assets		344	383	4,294	4,329
Current assets					
Trade and other receivables	11	1,871	2,132	4,655	5,172
Cash and cash equivalents	12	181	60	58	20
Total current assets		2,052	2,192	4,713	5,192
Current liabilities					
Trade and other payables	14	(331)	(419)	(200)	(341)
Finance lease obligations	16	(48)	(57)	(48)	(57)
Current tax payable	15	-	-	-	-
Loans	17	-	(75)	-	(75)
Total current liabilities		(379)	(551)	(248)	(473)
Net current assets		1,673	1,641	4,465	4,719
Non-current liabilities					
Finance lease obligations	16	(14)	(51)	(14)	(51)
Total non-current liabilities		(14)	(51)	(14)	(51)
Total Assets less liabilities		2,003	1,973	8,745	8,997
Equity					
Equity attributable to equity holders of Parent Company:					
Share capital	18	71	71	71	71
Share premium		8,642	8,642	8,642	8,642
Retained (deficit)/earnings		(6,710)	(6,740)	32	284
Total Equity		2,003	1,973	8,745	8,997

The financial statements on pages 10 to 35 were approved by the Board of Directors and authorised for issue on 4 August 2015 and are signed on its behalf by:

Mr J M Hall
Chairman

The accounting policies and notes on pages 14 to 35 form part of these financial statements.

Group

	Share Capital £'000	Share Premium Account £'000	Retained Deficit £'000	Total £'000
Balance at 31 March 2013	71	8,642	(6,147)	2,566
Total comprehensive loss for the year	-	-	(593)	(593)
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**

Company

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 31 March 2013	71	8,642	587	9,300
Total comprehensive loss for the year	-	-	(303)	(303)
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**

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

The accounting policies and notes on pages 14 to 35 form part of these financial statements.

Invocas Group plc
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

	Notes	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Profit/(loss) before tax		**30**	(251)	**(252)**	(303)
Adjustments for:					
Depreciation of property, plant and equipment		**38**	22	**34**	16
Amortisation of intangibles		**22**	151	**22**	151
Interest received		**(1)**	(1)	**-**	(16)
Finance costs		**21**	17	**21**	15
Operating cash flow before movement in working capital		**110**	(62)	**(175)**	(137)
Decrease/(increase) in trade and other receivables		**261**	(3)	**(9)**	26
Decrease in trade and other payables		**(88)**	(119)	**(141)**	(67)
Decrease/(increase) in intra-group balances		**-**	-	**526**	(314)
Movement in working capital		**173**	(122)	**376**	(355)
Net cash generated by/(used in) operations		**283**	(184)	**201**	(492)
Investing activities					
Purchase of property, plant and equipment		**(21)**	(90)	**(21)**	(90)
Interest received		**1**	1	**-**	16
Write off of investment		**-**	-	**-**	241
Net cash (used in)/generated by investing activities		**(20)**	(89)	**(21)**	167
Financing activities					
Loan		**(75)**	75	**(75)**	75
Finance lease payments		**(46)**	51	**(46)**	108
Finance costs		**(21)**	(17)	**(21)**	(15)
Net cash (used in)/generated by financing activities		**(142)**	109	**(142)**	168
Net increase/(decrease) in cash and cash equivalents		**121**	(164)	**38**	(157)
Cash and cash equivalents at beginning of year	12	**60**	224	**20**	177
Cash and cash equivalents at end of year	12	**181**	60	**58**	20

The accounting policies and notes on pages 14 to 35 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

A number of new standards, interpretations and amendments effective for the first time for periods beginning on (or after) 1 January 2014 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 Group's 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 8, 'Operating segments', is endorsed by the EU to be effective for accounting periods beginning on or after 1 July 2014.

IAS 16 (amendment), 'Property, plant and equipment', is effective for accounting periods beginning on or after 1 February 2015.

IAS 19 (amendment), 'Employee benefits', is effective for accounting periods beginning on or after 1 February 2015.

IAS 24 (amendment), 'Related party disclosures', is effective for accounting periods beginning on or after 1 February 2015.

IAS 38 (amendment). 'Intangible assets', is effective for accounting periods beginning on or after 1 February 2015.

At the time of issuance of the Group's financial statements, the following amendments and improvements had been published but were not incorporated as they were not in force and not endorsed for use in the EU:

IFRS 5, IFRS 7, IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 15, IAS 1, IAS 16, IAS 19, IAS 27, IAS 28, IAS 38, IAS 39 and IAS 41.

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 4. In addition, note 19 to the financial statements include the policies and processes for managing its financial risks.

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 £252,000 (2014: £303,000).

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.

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.

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

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 £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:

	2015 £'000	2014 £'000
Continuing operations:		
Insolvency services	**2,965**	3,341

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:

	2015 £'000	2014 £'000
Personal solutions	**2,260**	3,036
Outsourced solutions	**705**	305
	2,965	3,341

Split by operating segment:

	2015 £'000	2014 £'000
Case management	**2,245**	3,037
Claims management	**667**	277
Software	**15**	23
Outsourced services	**23**	4
Other	**15**	-
	2,965	3,341

3 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations has been arrived at after charging:

	2015	2014
	£'000	£'000
Depreciation – owned assets	**8**	7
Depreciation – leased assets	**30**	15
Amortisation of intangible assets – owned assets	**22**	151
Auditor's remuneration	**28**	32
Payments under operating leases		
- land and buildings	**207**	185
- other assets	**49**	71

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

	2015		2014	
	£'000	**%**	£'000	%
Audit services				
- Statutory audit – company	**5**	**18**	5	16
- Statutory audit – subsidiary companies	**12**	**43**	14	43
Tax services				
- Compliance services	**5**	**18**	5	16
Other services				
- Statutory financial statements	**6**	**21**	8	25
	28	**100**	32	100
Comprising				
- Audit services	**17**	**61**	19	59
- Non audit services	**11**	**39**	13	41
	28	**100**	32	100

4 STAFF COSTS

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

	2015 No.	2014 No.
Executive Directors	3	3
Non Executive Directors	2	2
Group services	9	8
Insolvency services	41	48
	55	61

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

	2015 No.	2014 No.
	55	51

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

	2015 £'000	2014 £'000
Wages and salaries	1,478	1,784
Social security costs	145	174
	1,623	1,958

Aggregate payroll costs include termination costs of £30,000, (2014: £31,250) within wages and salaries.

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

	2015 £'000	2014 £'000
Emoluments	326	353
Compensation for loss of office	30	30
Benefits	2	2
	358	385

There were no directors accruing benefits under defined contribution schemes during the year (2014: None).

The remuneration in respect of the highest paid director was:

	2015 £'000	2014 £'000
Emoluments	208	141
Benefits	2	2
	210	143

5 FINANCE INCOME

	2015 £'000	2014 £'000
Bank interest receivable	1	1
	1	1

6 FINANCE COSTS

	2015 £'000	2014 £'000
Interest on bank loans and overdrafts	1	4
Interest on obligations under finance leases	8	7
Interest on loans to connected parties	12	6
	21	17

7 TAXATION

	2015 £'000	2014 £'000
Current tax:		
UK - current year	-	-
UK - Adjustments in respect of prior periods	-	-
	-	-
Deferred tax (Note 13):		
Origination and reversal of temporary differences	-	342
	-	342
Corporation tax charge	-	342

UK Corporation tax is calculated at 21% (2014: 23%) 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:

	2015 £'000	2014 £'000
Profit/(loss) before tax	30	(251)
Tax at the domestic income tax rate 21% (2014: 23%)	6	(58)
Tax effect of expenses that are not deductible in determining taxable profit	-	90
Capital allowances in excess of depreciation	1	(22)
Utilisation of tax losses brought forward	(7)	(113)
Fixed asset differences	-	2
Taxation credit not recognised as an asset	-	101
Tax (charge)/credit for the year	-	-

8 INTANGIBLE ASSETS

Group and Company	Other Intangibles	Total
2014	**£'000**	**£'000**
Cost		
At 1 April 2013	767	767
Additions	-	-
Amounts written off during the year	(270)	(270)
At 31 March 2014	**497**	**497**
Amortisation		
At 1 April 2013	594	594
Charge for the year	151	151
Amounts written off during the year	(270)	(270)
At 31 March 2014	**475**	**475**
Net book value		
At 31 March 2014	**22**	**22**
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	-	-

During the year, intangible assets with a book cost of £490,000, relating to portal and website development, were written off.

9 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Improvements £'000	IT Equipment £'000	Fixtures & Equipment £'000	Total £'000
2014				
Cost				
At 1 April 2013	21	118	52	191
Additions	-	90	-	90
Disposals	(9)	(116)	(39)	(164)
At 31 March 2014	**12**	**92**	**13**	**117**
Depreciation				
At 1 April 2013	16	118	42	176
Charge for the year	3	14	5	22
Disposals	(9)	(116)	(39)	(164)
At 31 March 2014	**10**	**16**	**8**	**34**
Net book value				
At 31 March 2014	**2**	**76**	**5**	**83**
2015				
Cost				
At 1 April 2014	12	92	13	117
Additions	-	21	-	21
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
At 31 March 2015	**11**	**50**	**11**	**72**
Net book value				
At 31 March 2015	**1**	**63**	**2**	**66**

The net book value of assets held under finance leases as at 31 March 2015 was £30,000 (2014: £60,000). Depreciation of £30,000 was charged during the year in respect of these assets (2014: £30,000).

9 **PROPERTY, PLANT AND EQUIPMENT (continued)**

Company	**IT Equipment £'000**	**Fixtures & equipment £'000**	**Total £'000**
2014			
Cost			
At 1 April 2013	4	2	6
Additions	90	-	90
Disposals	(2)	-	(2)
At 31 March 2014	**92**	**2**	**94**
Depreciation			
At 1 April 2013	3	1	4
Charge for the year	15	1	16
Disposals	(2)	-	(2)
At 31 March 2014	**16**	**2**	**18**
Net book value			
At 31 March 2014	**76**	**-**	**76**
2015			
Cost			
At 1 April 2014	92	2	94
Additions	21	-	21
At 31 March 2015	**113**	**2**	**115**
Depreciation			
At 1 April 2014	16	2	18
Charge for the year	34	-	34
At 31 March 2015	**50**	**2**	**52**
Net book value			
At 31 March 2015	**63**	**-**	**63**

The net book value of assets held under finance leases as at 31 March 2015 was £30,000 (2014: £60,000). Depreciation of £30,000 was charged during the year in respect of these assets (2014: £30,000).

10 INVESTMENTS

Investment in subsidiaries

Company **2014**	**Share-based payment £'000**	**Total £'000**
Balance at 1 April 2013	241	241
Amounts written off in the year	(241)	(241)
Balance as at 31 March 2014	-	-

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

Details of the Company's investments in subsidiary undertakings at 31 March 2015 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
Debt Solutions Scotland Limited	Scotland	100	100	Dormant

11 TRADE AND OTHER RECEIVABLES

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Non-current:				
Amounts owed by Group undertakings	**-**	-	**4,231**	4,231
	-	-	**4,231**	4,231
Current:				
Amounts recoverable on contracts	**1,637**	1,998	**-**	-
Trade receivables	**89**	1	**-**	-
Amounts owed by Group undertakings	**-**	-	**4,572**	5,098
Prepayments and deferred income	**106**	91	**60**	13
Other receivables	**39**	42	**23**	61
	1,871	2,132	**4,655**	5,172

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 2015 amounted to £1,251,000 (2014: £1,782,000).

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 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Cash at bank	**181**	60	**58**	20
	181	60	**58**	20

13 DEFERRED TAX

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'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:

	2015 £'000	2014 £'000
Credit/(charge) to income for the year	-	(342)
	-	(342)

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 2014	-	273	5	278
(Charge)/credit to income for the year	-	-	-	-
At 31 March 2015	**-**	**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 £1,016,000 (2014: £1,022,000) have not been recognised in the financial statements.

14 TRADE AND OTHER PAYABLES

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Trade payables	**92**	128	**60**	93
Other taxes and social security	**92**	35	**19**	27
Accruals	**147**	256	**121**	221
	331	419	**200**	341

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

15 CURRENT TAX (RECEIVABLE)/PAYABLE

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'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 (note 9). The capital payments outstanding at 31 March 2015 are £62,000 (2014: £108,000).

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Within one year	**48**	57	**48**	57
In the second to fifth years inclusive	**14**	51	**14**	51
	62	108	**62**	108

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

17 LOANS

Group and company

During the prior year, loans of £75,000 were received from a person connected to a director and from a non-executive director:

	Loan as at 31 March 2015 £'000	Loan as at 31 March 2014 £'000
Francis Hall	-	50
Stephen Lightley	-	25
	-	75

The loans were repaid during the year by way of a single capital repayment. All outstanding loans were secured by a floating charge against the assets of the company and interest was payable on a monthly basis at a rate of 2%.

18 SHARE CAPITAL

Group and Company	**2015 Number**	**2015 £'000**	2014 Number	2014 £'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 22.

19 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.

19 FINANCIAL INSTRUMENTS (continued)

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.

20 OPERATING LEASE ARRANGEMENTS

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

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Within one year	**205**	32	**172**	28
In the second to fifth years inclusive	**19**	172	**10**	164
	224	204	**182**	192

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

21 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 2015 (2014: £nil).

There were contributions of £nil due in respect of the current reporting year that had not been paid over to these schemes (2014: £nil).

22 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.

	2015		2014	
	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	0.66
Granted during the year	-	-	-	-
Forfeited during the year	-	-	(5)	0.66
Cancelled during the year	-	-	-	-
Outstanding at 31 March	-	-	-	-
Exercisable at 31 March	-	-	-	-

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

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.

23 SUBSEQUENT EVENTS

Since the year end, options over 1,429,000 shares were granted to a director, Mr A Dinolfi, under the Company's approved EMI share option plan at an exercise price of 0.88p per share. 571,000 options were also granted to the other executive director, Mrs J A Afrin, at the same exercise price. The options have to be exercised by 23 July 2025.

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.

	2015	2014
	£'000	£'000
Short-term employee benefits (including NIC)	**425**	395
Compensation for loss of office	**30**	30
	455	425

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 (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 2015 the Company received net cash transfers of £1,494,000 from Invocas Financial Limited, (2014: £1,326,000), and net cash transfers of £34,000 from Turndebtaround Limited (2014: £39,000).

In addition Invocas Financial Limited paid Invocas Group plc £nil (2014: £13,000) on behalf of Invocas Financial Solutions Limited, a dormant subsidiary of Invocas Group plc.

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 £967,000 (2014: £1,552,000), Turndebtaround Limited £289,000 (2014: £82,000).

At 31 March 2015 the outstanding balances due to the Company from its subsidiaries were as follows: Invocas Financial Limited £8,803,000 (2014: £9,330,000), Turndebtaround Limited £nil (2014: £1,435,000).

During the year to 31 March 2015 the company took the decision to write off £1,690,000 in relation to amounts due from Turndebtaround Limited. At 31 March 2014 the company had fully provided for £1,435,000 in respect of amounts due from Turndebtaround Limited. Therefore, the impact on the results for the year to 31 March 2015 is a £255,000 charge.

Ultimate Controlling Party

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