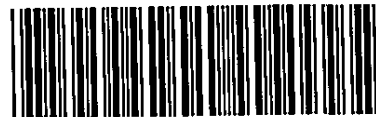


REGISTRAR'S
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Financial Statements Clarity Credit Management Solutions Limited

For the year ended 31 March 2013

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COMPANIES HOUSE

Registered number: 05307808

Clarity Credit Management Solutions Limited

Company Information

Directors	S Butterworth G Stran L Rix (resigned 1 April 2012) V Fandozzi
Company secretary	L Rix
Registered number	05307808
Registered office	Unit 2 Swan Court LAMPORF Northamptonshire NN6 9EZ
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Kettering Parkway KETTERING Northants NN15 6XR
Bankers	Lloyds TSB Bank plc 39 Threadneedle Street LONDON EC2R 8AU
Solicitors	Eversheds LLP Callaghan Square CARDIFF CF10 5BD

Clarity Credit Management Solutions Limited

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Clarity Credit Management Solutions Limited

Directors' report

For the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 2013

Principal activity and business review

The principal activity of the company during the year was the provision of credit management services

The year was one where the business had to adapt to a rapidly changing market where the combination of the re-emergence of debt purchasers to the market, suppressed new lending levels, and a changing compliance regime impacted placement levels. This in turn impacted overall financial performance.

In response to this, the business made significant changes to its cost base during the second half of the year and into 2013/14 which will align financial performance with the new market conditions.

Yet again the performance of the accounts under arrangement has been outstanding with record low levels of default generating a dependable income flow for both ourselves and our clients.

A highlight of the year has been the performance of our subsidiary field business which has achieved new business wins which will give it a market leading position in its sector over the next year.

Finally, at a time of unprecedented change for the sector, we remain committed to growing our business through robust cost management and the intensive use of data to drive optimal collection strategies.

Results

The loss for the year, after taxation, amounted to £268,966 (2012 - loss £193,630)

Directors

The directors who served during the year were

S Butterworth

G Stran

V Fandozzi

L Rix (resigned 14 May 2012)

Political and charitable contributions

During the year the company made charitable contributions of £nil (2012 - £10)

Directors' responsibilities statement

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

Directors' report

For the year ended 31 March 2013

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Provision of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, will be deemed reappointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25/12/2013 and signed on its behalf



L Rix
Secretary



Independent auditors' report to the members of Clarity Credit Management Solutions Limited

We have audited the financial statements of Clarity Credit Management Solutions Limited for the year ended 31 March 2013, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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 auditors

As explained more fully in the Directors' responsibilities statement, 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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent auditors' report to the members of Clarity Credit Management Solutions Limited

Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read "Steve Robinson".

Steve Robinson (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Kettering
Date

13 November 2013

Profit and loss account

For the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	3	2,539,939	3,125,606
Other operating income	5	48,800	50,598
Other external charges		(1,150,421)	(1,336,992)
Staff costs		(1,676,355)	(2,008,504)
Depreciation and amortisation		(42,764)	(35,227)
Operating loss	6	(280,801)	(204,519)
Interest receivable and similar income	9	12,709	12,411
Interest payable and similar charges	10	(874)	(1,522)
Loss on ordinary activities before taxation		(268,966)	(193,630)
Tax on loss on ordinary activities	11	-	-
Loss for the financial year	21	(268,966)	(193,630)

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

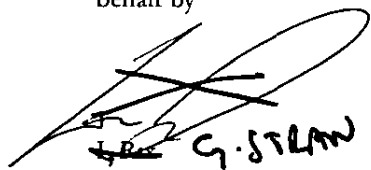
The notes on pages 8 to 19 form part of these financial statements

Balance sheet

As at 31 March 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	13		63,518		78,875
Investments	14		1,668,576		1,668,576
			<u>1,732,094</u>		<u>1,747,451</u>
Current assets					
Debtors	15	405,615		409,311	
Cash at bank and in hand		439,924		557,790	
		<u>845,539</u>		<u>967,101</u>	
Creditors' amounts falling due within one year	17	(2,807,230)		(2,675,183)	
Net current liabilities			<u>(1,961,691)</u>		<u>(1,708,082)</u>
Net (liabilities)/assets			<u>(229,597)</u>		<u>39,369</u>
Capital and reserves					
Called up equity share capital	20		6,250,119		6,250,119
Share premium account	21		860,499		860,499
Profit and loss account	21		(7,340,215)		(7,071,249)
Shareholders' (deficit)/funds	22		<u>(229,597)</u>		<u>39,369</u>

The financial statements were approved and authorised for issue by the Directors and were signed on their behalf by


G. STEWART
Director

The notes on pages 8 to 19 form part of these financial statements

Cash flow statement

For the year ended 31 March 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	23	(370,412)	(339,370)
Returns on investments and servicing of finance	24	11,835	10,889
Capital expenditure and financial investment	24	(27,407)	(75,469)
Cash outflow before financing		(385,984)	(403,950)
Financing	24	200,010	169,990
Decrease in cash in the year		(185,974)	(233,960)

Reconciliation of net cash flow to movement in net debt

For the year ended 31 March 2013

	2013 £	2012 £
Decrease in cash in the year	(185,974)	(233,960)
Cash inflow from increase in debt and lease financing	(200,010)	(169,990)
Movement in net debt in the year	(385,984)	(403,950)
Net debt at 1 April 2012	(1,262,200)	(858,250)
Net debt at 31 March 2013	(1,648,184)	(1,262,200)

The notes on pages 8 to 19 form part of these financial statements

Notes to the financial statements

For the year ended 31 March 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Income recognition on loan portfolios

Income is recognised on a cash basis with all payments received allocated directly to the appropriate accounts and recognised as income

Turnover in respect of debt collection commission is recognised on collection of the debt on behalf of the client

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures & fittings	-	20% - 33% p a
Office equipment	-	20% - 33% p a
Computer Hardware & Software	-	20% - 33% p a

1.4 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

1.5 Pensions

The company provides access to a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Notes to the financial statements

For the year ended 31 March 2013

1. Accounting policies (continued)

1.6 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.7 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

1.8 Investments

Investments are included at cost less amounts written off

Notes to the financial statements

For the year ended 31 March 2013

2. Going Concern

The company meets its day-to-day working capital requirements through the support of the ultimate parent company, Seven Mile Capital Partners LLC

The directors consider that the company will continue to operate within its current financial resources. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a failure to secure group finance facilities.

3. Turnover

The turnover and loss on ordinary activity before taxation, before tax are attributable to the one principal activity of the company. An analysis of the turnover is given below.

All turnover arose within the United Kingdom.

	2013 £	2012 £
United Kingdom	<u>2,539,939</u>	<u>3,125,606</u>

4. Other operating charges

	2013 £	2012 £
Administrative expenses	<u>2,820,367</u>	<u>3,295,752</u>

5. Other operating income

	2013 £	2012 £
Income from Joint Venture	<u>48,800</u>	<u>50,598</u>

Notes to the financial statements

For the year ended 31 March 2013

6. Operating loss

The operating loss is stated after charging

	2013	2012
	£	£
Depreciation of tangible fixed assets		
- owned by the company	42,764	35,227
Auditors' remuneration	7,100	6,500
Auditors' remuneration - non-audit	1,600	2,000
Other operating lease costs	109,563	109,863
	<u>159,027</u>	<u>153,590</u>

7. Directors and employees

Staff costs, including directors' remuneration, were as follows

	2013	2012
	£	£
Wages and salaries	1,509,243	1,810,077
Social security costs	144,411	173,169
Other pension costs	22,701	25,257
	<u>1,676,355</u>	<u>2,008,503</u>

The average monthly number of employees, including the directors, during the year was as follows

	2013	2012
	No.	No.
Administrative staff	52	66
Senior management staff	4	4
	<u>56</u>	<u>70</u>

The company established the Clarity Credit Management Solutions Employee Benefit Trust ("EBT") on 2 February 2007 for the benefit of employees, directors and their families. The trustees of the EBT operate an incentive plan under which senior executives may be incentivised by the grant to them of a reversionary interest ("the Interest") over a portion of the assets of the trust. Interests have been awarded to both employees and directors during the year, which are capable of vesting subject to the satisfaction of a specific and objective criteria attached to each award.

The implementation of FRS 20 has had no impact on the result for the year ended 31 March 2013.

Notes to the financial statements

For the year ended 31 March 2013

8. Directors

	2013	2012
	£	£
Emoluments	<u>201,573</u>	<u>344,301</u>
Company pension contributions to defined contribution pension schemes	<u>10,586</u>	<u>11,802</u>

During the year retirement benefits were accruing to 2 directors (2012 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £102,343 (2012 - £164,297)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,714 (2012 - £7,188)

9. Interest receivable

	2013	2012
	£	£
Share of joint ventures' interest receivable	11,776	11,800
Other interest receivable	933	611
	<u>12,709</u>	<u>12,411</u>

10. Interest payable and similar charges

	2013	2012
	£	£
On bank loans and overdrafts	<u>874</u>	<u>1,522</u>

Notes to the financial statements

For the year ended 31 March 2013

11. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Loss on ordinary activities before tax	(268,966)	(193,630)
Loss on ordinary activities by rate of tax (2012 - 26%)	(64,552)	(50,344)
Effects of.		
Expenses not deductible for tax purposes	4,906	175
Capital allowances for year in excess of depreciation	(1,335)	(18,018)
Short term timing difference leading to an increase (decrease) in taxation	(215)	5,200
Income not taxable for tax purposes	-	(4,431)
Unrelieved tax losses	61,196	67,418
Current tax charge for the year (see note above)	-	-

12. Retirement benefits

The company provides access to a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

Notes to the financial statements

For the year ended 31 March 2013

13. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Computer Hardware & Software £	Total £
Cost				
At 1 April 2012	125,023	108,473	530,233	763,729
Additions	199	10,182	17,026	27,407
At 31 March 2013	125,222	118,655	547,259	791,136
Depreciation				
At 1 April 2012	121,326	106,236	457,292	684,854
Charge for the year	2,116	2,715	37,933	42,764
At 31 March 2013	123,442	108,951	495,225	727,618
Net book value				
At 31 March 2013	1,780	9,704	52,034	63,518
At 31 March 2012	3,697	2,237	72,941	78,875

14. Fixed asset investments

	Shares in joint venture £	Loans to joint venture £	Total £
Cost or valuation			
At 1 April 2012 and 31 March 2013	1,550,526	118,050	1,668,576
Net book value			
At 31 March 2013	1,550,526	118,050	1,668,576
At 31 March 2012	1,550,526	118,050	1,668,576

Notes to the financial statements

For the year ended 31 March 2013

14. Fixed asset investments (continued)

At 31 March 2013 the company held 20% or more of the allotted share capital of the following

Name	Class of shares	Holding	Aggregate share capital and reserves £	Profit/(loss) for the financial year £
Claven Holdings Limited	Ordinary	50%	159,159	-
Fieldcall Limited*	Ordinary	50%	(41,460)	(40,601)
The Property Service Partnership Limited*	Ordinary	50%	(354,958)	49,338
			<u>(237,259)</u>	<u>8,737</u>

Name	Business
Claven Holdings Limited	Holding Company
Fieldcall Limited*	Field-based counselling services
The Property Service Partnership Limited*	Field-based counselling services

* Indirect Holding

15. Debtors

	2013 £	2012 £
Trade debtors	312,901	299,740
Amounts owed by joint venture	9,357	39,191
Prepayments and accrued income	83,357	70,380
	<u>405,615</u>	<u>409,311</u>

Notes to the financial statements

For the year ended 31 March 2013

16. Deferred tax

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2013	2012
	£	£
Excess of depreciation over taxation allowances	6,810	8,434
Tax losses available	(11,804)	(13,740)
Other timing differences	4,994	5,306
	<u>-</u>	<u>-</u>

No deferred tax asset has been recognised in respect of unrelieved tax losses due to uncertainty as to the availability of sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted. At the balance sheet date the unrecognised deferred tax asset in respect of unrelieved tax losses amounted to approximately £1,600,000 (2012 - £1,600,000)

17. Creditors:

Amounts falling due within one year

	2013	2012
	£	£
Bank overdraft	68,108	-
Loan from group undertakings	2,020,000	1,819,990
Trade creditors	114,850	124,578
Amounts owed to related parties	725	10,951
Social security and other taxes	90,774	96,534
Other creditors	401,839	507,233
Accruals and deferred income	110,934	115,897
	<u>2,807,230</u>	<u>2,675,183</u>

Bank overdrafts are secured by an unlimited debenture incorporating fixed and floating charge

18. Leasing commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Expiry date.				
Within 1 to 2 years	<u>79,586</u>	<u>79,586</u>	<u>14,136</u>	<u>12,100</u>

Notes to the financial statements

For the year ended 31 March 2013

19. Related party transactions

During the year, Pall Mall Collections Limited, the immediate parent undertaking of the company, provided Clarity Credit Management Solutions Limited with a further loan of £200,010 (2012 £169,990). The amount owing at the year end was £2,020,000 (2012 £1,819,990). The loan is repayable by 31 March 2014 and no interest is payable on the loan.

Transactions with Fieldcall Limited related to services provided to Clarity Credit Management Solutions Limited of £61,744 (2012 £154,948) and recharges of administrative expenses to Fieldcall Limited of £22,406 (2012 £27,540). The balance outstanding at 31 March 2013 from Fieldcall Limited was £nil (2012 £4,224) and to Fieldcall Limited was £725 (2012 £10,951).

Transactions with The Property Service Partnership Limited related to services provided to Clarity Credit Management Solutions Limited of £nil (2012 £11,713). At the year end, no balance was outstanding (2012 £nil).

Transactions with Claven Holdings Limited related to recharges of administration expenses of £70,491 (2012 £339,442), management fees of £28,800 (2012 £30,597), monitoring fees of £20,000 (2012 £20,000) and interest charges of £11,776 (2012 £11,800). The balance outstanding as at 31 March 2013 from Claven Holdings Limited was £9,357 (2012 £34,987). The company has also advanced a long term loan of £118,000 to Claven Holdings Limited which remains wholly outstanding as at 31 March 2013.

20. Share capital

	2013 £	2012 £
Authorised		
7,950,000 A1 Ordinary shares of £1 each	7,950,000	7,950,000
10,122 A Ordinary shares of £0.01 each	101	101
1,785 B Ordinary shares of £0.01 each	18	18
1,190 C Ordinary shares of £0.01 each	12	12
	<hr/>	<hr/>
	7,950,131	7,950,131
	<hr/>	<hr/>
Allotted, called up and fully paid		
6,250,000 A1 Ordinary shares of £1 each	6,250,000	6,250,000
10,122 A Ordinary shares of £0.01 each	101	101
1,785 B Ordinary shares of £0.01 each	18	18
	<hr/>	<hr/>
	6,250,119	6,250,119
	<hr/>	<hr/>

Notes to the financial statements

For the year ended 31 March 2013

21. Reserves

	Share premium account £	Profit and loss account £
At 1 April 2012	860,499	(7,071,249)
Loss for the year	-	(268,966)
At 31 March 2013	<u>860,499</u>	<u>(7,340,215)</u>

22. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	39,369	232,999
Loss for the year	(268,966)	(193,630)
Closing shareholders' (deficit)/funds	<u>(229,597)</u>	<u>39,369</u>

23. Net cash flow from operating activities

	2013 £	2012 £
Operating loss	(280,801)	(204,519)
Depreciation of tangible fixed assets	42,764	35,227
Decrease in debtors	3,696	5,858
Decrease in creditors	(136,071)	(175,936)
Net cash outflow from operating activities	<u>(370,412)</u>	<u>(339,370)</u>

24. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	12,709	12,411
Interest paid	(874)	(1,522)
Net cash inflow from returns on investments and servicing of finance	<u>11,835</u>	<u>10,889</u>

Notes to the financial statements

For the year ended 31 March 2013

24. Analysis of cash flows for headings netted in cash flow statement (continued)

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(27,407)	(75,469)
	<u>2013</u> £	<u>2012</u> £
Financing		
Other new loans	200,010	169,990

25. Analysis of changes in net debt

	1 April 2012 £	Cash flow £	Other non-cash changes £	31 March 2013 £
Cash at bank and in hand	557,790	(117,866)	-	439,924
Bank overdraft	-	(68,108)	-	(68,108)
	<u>557,790</u>	<u>(185,974)</u>	<u>-</u>	<u>371,816</u>
Debt.				
Finance leases	-	-	-	-
Debts due within one year	(1,819,990)	(200,010)	-	(2,020,000)
Net debt	<u>(1,262,200)</u>	<u>(385,984)</u>	<u>-</u>	<u>(1,648,184)</u>

26. Ultimate parent undertaking and controlling party

The directors consider that the ultimate parent undertaking and controlling related party of this company is Seven Mile Capital Partners LLC, incorporated in the United States