

Viewco 1 Limited

Annual report for the year ended 31 March 2016

Registered number: 08249215

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Viewco 1 Limited

Annual report for the year ended 31 March 2016

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Viewco 1 Limited

1

Officers and professional advisors

Directors

Mr B Slatter
Mr P Cartwright
Mr A Hill
Mr M Reynolds
Mr A Russell (Appointed 10 August 2016)

Company secretary

Mr P Jones

Registered office

Kingsway Buildings
Bridgend Industrial Estate
Bridgend
CF31 3RY

Bankers

Barclays Bank PLC

Solicitors

Taylor Wessing LLP

Independent auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Strategic report for the year ended 31 March 2016

The directors present their strategic report on the Group for the year ended 31 March 2016.

Review of business and future developments

The profit and loss account for the year is set out on page 10. The directors are satisfied as to the financial position at 31 March 2016.

During the twelve months to 31 March 2016 the Company has made significant changes to its operating model in order to ensure that its processes, policies and procedures are fully aligned with the requirements of its regulator the Financial Conduct Authority. During the year we have intentionally reduced our level of new business whilst we fully implement the necessary changes. As a result the EBITDA fell to (£4.3m) following a £8.4m fall in revenue, however additional cash has been generated over this period as a result of the decline in the loan book.

As a part of the work conducted towards gaining authorisation we agreed in March 2016 to redress £0.9m to around 59,000 customers in respect of charges for returned direct debits, an administration fee for refinancing loan agreements, and the use of modifying agreements. The communication to these customers is ongoing. In order to agree the redress and to ensure all of our policies and procedures meet with the minimum thresholds set out by the regulator the Financial Conduct Authority appointed an independent Skilled Person to work with the business. Substantial parts of the Skilled Persons work are now complete and the business is working towards final testing having implemented all of the recommendations.

Review of the principal risks and uncertainties

Going concern

On 1st April 2014 the FCA became the regulator for Consumer Credit companies. Dunraven Finance Limited applied for FCA permission to provide Consumer Credit and to act as an Insurance Intermediary prior to the 30 June 2015 deadline. As part of the authorisation process, the FCA appointed an independent Skilled Person who identified that significant changes were required to the operating model of the business in order to ensure that its processes, policies and procedures were fully aligned with the regulator's requirements.

Substantial parts of the Skilled Person's work are now complete and the business is working towards final testing having implemented all of the recommendations. Once this is complete the directors are confident that FCA permission will be received in due course, but note that there is a risk that it may not be granted, and that Dunraven Finance Limited would consequently be unable to write new business.

The directors have considered the going concern basis under two scenarios: firstly that permission is granted by the FCA and the business continues to trade; and secondly on the basis that FCA permission is not granted, in which case it is assumed that the FCA will allow the business to run-off the existing loan book in an orderly manner.

After making appropriate enquiries, the directors have, at the time of signing the financial statements, formed a judgement that there is a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

This conclusion is based upon a review of the resources available to the group, taking into account the group's financial projections together with available cash and committed borrowings. In reaching this conclusion the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions and the likely effectiveness of mitigating actions that the directors would consider undertaking.

**Strategic report
for the year ended 31 March 2016 (continued)**

The Board has also specifically considered that:

- as a result of the matters arising from the Skilled Person review the group has been discussing with its lenders their concerns around compliance with the operational undertakings in the group's financing arrangements. The group is of the view that, at the time of signing the financial statements, it is in compliance with those operational undertakings. If the group is not in compliance with its financing arrangements, the lender can immediately call for repayment of the loan; the group has insufficient cash to repay the secured loan in full without securing additional funding; and
- under the run off scenario, forecast cash flows are sufficient to settle all secured lender debts, but only partially settle shareholder loan notes. Consequently should permission not be granted, the group is reliant on the ongoing support of its shareholders.

The uncertainty regarding the ongoing support of its lenders and shareholders indicates the existence of a material uncertainty that may cast significant doubt about the company's and the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company and the group were unable to continue as a going concern.

Other

Other risks that the company's business faces are the squeeze on our typical customer household budgets as a result of increasing household costs and austerity measures that could result in an overall reduction in customers' disposable income, potentially impacting the level of arrears in the loan book.

Key performance indicators

The board monitors the performance of the group by reference to gross profit, operating profit, and earnings before interest, tax, depreciation, amortisation and exceptional net operating expenses ("EBITDA"). An analysis of how EBITDA is calculated can be found in the profit and loss account on page 10.

	2016	Restated 2015
Gross profit %	73.2%	73.4%
Operating (loss) / profit	(£8,371,000)	£2,901,000
EBITDA	(£4,280,000)	£6,199,000

By order of the board



A Russell
Director

Date: 19 August 2016

Directors' report for the year ended 31 March 2016

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2016.

Principal activities

The principal activities of the group are the retailing and servicing of electrical appliances and other household goods along with operating as financiers. The principal activities of the company are that of a holding company.

Future developments

The review of future developments is shown in the Strategic Report.

Dividends and transfers to reserves

The results for the financial year are shown on page 9 of the financial statements.

The directors do not recommend the payment of a dividend (2015: £Nil) in respect of the year ended 31 March 2016 and that the loss for the financial year be transferred to reserves.

Basis of preparation of the financial statements

These financial statements are the group first results presented under International Financial Reporting Standards as adopted by the European Union ("IFRS"). Details of the adjustments on transition are set out in note 27.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

Given the size of the group, the directors have delegated the responsibility of monitoring financial risk management to a sub-committee that includes members of the board. The policies set by the sub-committee are implemented by the company's management team.

Price risk

The group is exposed to price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. These continue to be refined as we progress through our regulatory authorisation.

Liquidity risk

The group has long-term debt finance that is designed to ensure the group has sufficient available funds for operations and sales.

Directors' report for the year ended 31 March 2016 (continued)

Interest rate cash flow risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only loans to customers, all of which earn interest at a fixed rate. The company's existing debt is at both a fixed and floating rate. In August 2015, a 3 year base interest capping agreement of 3.5% was put in place on £15m of the group's existing floating rate debt. The directors review the company's exposure to interest rate risks as the company's operations change in size or nature.

Employees

The group is committed to attracting, developing and retaining the very best of employees. We do this by offering competitive remuneration packages, a definitive career path and a working environment that gives everyone the opportunity to achieve their aspirations through commitment, loyalty and trust.

We believe in building on strengths and improving on weaknesses through a number of training and development programmes on an internal and external basis.

In order to achieve a common awareness of all employees of the financial and economic factors that affect the company's performance, we operate an open two way communication policy that embraces employee ideas and input through a number of different channels including: the company internal magazine, the Intranet, a weekly communication pack and a number of roadshows throughout the year. A "Great Ideas" scheme is available that encourages and rewards employees that submit new initiatives to improve business performance.

A confidential employee helpline is also offered for matters of a more sensitive nature.

Reward and recognition:

To ensure employees share in our success, the company offers competitive pay and benefit packages that are directly linked to performance. This is controlled through regular Performance Development Reviews and the achievement of commercially based targets.

We also recognise those who go above and beyond the call of duty through the "Employee of the month and year" scheme where an individual is recognised both financially and publicly through the company magazine and Intranet.

Equal opportunities policy:

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The group is committed to ensuring that all of our employees and job applicants are treated fairly, have equality of opportunity and are not discriminated against. The group does not discriminate on the grounds of sex, sexual orientation, marital status, age, ethnic origin, colour, nationality, disability, religion or religious belief.

Directors

The directors of the company who were in office during the year or up to the date of signing the financial statements are detailed on page 1. On 10 August 2016, Mr A Russell was appointed as a director. On 16 August 2016 Mr G Clarke who was a director at 1 April 2015, resigned.

**Directors' report
for the year ended 31 March 2016 (continued)****Charitable contributions**

The group made the following charitable contributions during the financial year:

	2016 £000	2015 £000
	12	10

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing the group financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 [company and] group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and IFRSs issued by IASB and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively;
- 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. All of the directors 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 the company's auditors are aware of that information.

On behalf of the Board


A Russell
Director

Date: 19 August 2016

Independent auditors' report to the members of Viewco 1 Limited

Report on the financial statements

Our opinion

In our opinion:

- Viewco 1 Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2016 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Group - Going concern

In forming our opinion on the group financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's ability to continue as a going concern, and the uncertainty regarding the ongoing support of the group's lenders and shareholders. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern

What we have audited

The financial statements, included within the Annual Report, comprise:

- the group balance sheet as at 31 March 2016;
- the company balance sheet as at 31 March 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the group financial statements is IFRSs as adopted by the European Union, and applicable law. The financial reporting framework that has been applied in the preparation of the company financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and 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 Viewco 1 Limited
(continued)****Other matters on which we are required to report by exception****Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Independent auditors' report to the members of Viewco 1 Limited
(continued)**

What an audit of financial statements involves

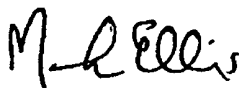
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
19 August 2016

Consolidated income statement for the year ended 31 March 2016

Continuing operations	Note	Restated (see note 27)	
		2016 £000	2015 £000
Revenue	5	69,632	78,068
Cost of sales	7	(18,671)	(20,789)
Gross profit		50,961	57,279
Distribution costs	7	(2,755)	(3,580)
Administrative expenses	7	(56,577)	(50,798)
Earnings before interest, tax, depreciation, amortisation and exceptional net operating expenses		(4,280)	6,199
Depreciation of tangible owned fixed assets		(1,995)	(2,184)
Amortisation of intangible fixed assets (charged to net operating expenses)		(412)	(621)
Exceptional net operating expenses	6	(1,684)	(493)
Operating (loss) / profit		(8,371)	2,901
Finance costs	9	(6,490)	(6,725)
Loss on ordinary activities before income tax		(14,861)	(3,824)
Income tax	10	(5,484)	239
Loss for the financial year		(20,345)	(3,585)

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

The company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The profit of the parent company, which did not trade for the whole of the year, was £Nil (2015: £Nil).

Consolidated statement of comprehensive income for the year ended 31 March 2016

	Restated (see note 27)	
	2016 £000	2015 £000
Loss for the financial year	(20,345)	(3,585)
Other comprehensive income	-	-
Total comprehensive income for the year	(20,345)	(3,585)

Balance sheets as at 31 March 2016

	Note	2016		2015		1 April 2014	
		Group £000	Company £000	Restated (see note 27) Group £000	Company £000	Restated (see note 27) Group £000	Company £000
Assets							
Non-current assets							
Intangible assets	11	2,445	-	2,597	-	2,617	-
Property, plant and equipment	12	3,469	-	3,602	-	3,685	-
Investments	13	-	34,063	-	34,063	-	-
Deferred income tax asset	25	-	-	5,484	-	5,245	-
Loans and advances to customers	16	31,379	-	45,120	-	45,309	-
Trade and other receivables	15	-	2,174	-	2,174	-	36,207
		37,293	36,237	56,803	36,237	56,856	36,207
Current assets							
Inventories	14	1,810	-	1,674	-	1,325	-
Loans and advances to customers	16	24,780	-	27,453	-	27,441	-
Trade and other receivables	15	1,962	-	537	-	606	-
Cash at bank and in hand	17	4,669	-	2,073	-	3,038	-
		33,221	-	31,737	-	32,410	-
Total assets		70,514	36,237	88,540	36,237	89,266	36,207
Equity and liabilities							
Equity attributable to owners of the parent							
Called up share capital	18	33	33	33	33	30	30
Share premium account	19	36,204	36,204	36,204	36,204	36,177	36,177
Profit and loss account	19	(24,355)	-	(4,010)	-	(425)	-
		11,882	36,237	32,227	36,237	35,782	36,207
Liabilities							
Non-current liabilities							
Borrowings	21	49,730	-	46,276	-	39,957	-
Trade and other payables	20	-	-	782	-	3,852	-
Current liabilities							
Trade and other payables	20	8,902	-	9,255	-	9,675	-
Total liabilities		58,632	-	56,313	-	53,484	-
Total equity and liabilities		70,514	36,237	88,540	36,237	89,266	36,207

The notes on pages 12 to 36 are an integral part of the financial statements.

The financial statements on pages 10 to 36 were approved by the board of directors on 19 August 2016 and were signed on its behalf by:


A Russell
Director

Date: 19 August 2016

**Consolidated statement of cash flows
for the year ended 31 March 2016**

	Note	2016 £000	Restated (see note 27) 2015 £000
Cash flows from operating activities			
Cash generated from operations	26	7,139	1,881
Interest paid		(2,448)	(10,905)
Net cash generated from operating activities		4,691	(9,024)
Cash flows from investing activities			
Purchases of intangible fixed assets		(1,862)	(601)
Purchases of tangible fixed assets		(260)	(2,101)
Proceeds from property, plant and equipment		-	-
Interest received	27	27	-
Net cash used in investing activities		(2,095)	(2,702)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	30
Proceeds from bank loan		-	26,500
Debt issue costs		-	(872)
Repayment of loan notes		-	(14,897)
Net cash used in financing activities		-	10,761
Net (Decrease) / increase in cash and cash equivalents		2,596	(965)
Cash and cash equivalents at beginning of year		2,073	3,038
Cash and cash equivalents at end of year		4,669	2,073

The company had no cash flows in this year.

Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Profit and loss account £000	Shareholders ' equity £000
Balance at 1 April 2014 as restated (see note 27)	30	36,177	(425)	35,782
Net loss 2015	3	27	(3,585)	(3,555)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	3	27	(3,585)	(3,555)
Balance at 31 March 2015 as restated (see note 27)	33	36,204	(4,010)	32,227
Net loss 2016	-	-	(20,345)	(20,345)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(20,345)	(20,345)
Balance at 31 March 2016	33	36,204	(24,355)	11,882

There have been no changes in the equity of the company during the periods above

Notes to the financial statements for the year ended 31 March 2016

1 General information

Incorporated on 11 October 2012, Viewco 1 Limited is a private limited company incorporated and domiciled in the UK that heads a group whose principal activity is the retailing and servicing of electrical applications and other household goods, along with operating as financiers. The company's principal activity is that of a holding company.

Registered office:
Kingsway Buildings, Bridgend Industrial Estate, Bridgend, CF31 3RY

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the Historic Cost Convention. The prior year financial statements have been prepared under UK GAAP.

The company's deemed transition date to IFRS is 1 April 2014. The principles and requirements for first time adoption of IFRS are set out in IFRS1. IFRS1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process. Details of any exemptions taken are set out in note 28 to the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2.2 Going concern

On 1st April 2014 the FCA became the regulator for Consumer Credit companies. Dunraven Finance Limited applied for FCA permission to provide Consumer Credit and to act as an Insurance Intermediary prior to the 30 June 2015 deadline. As part of the authorisation process, the FCA appointed an independent Skilled Person who identified that significant changes were required to the operating model of the business in order to ensure that its processes, policies and procedures were fully aligned with the regulator's requirements.

Substantial parts of the Skilled Person's work are now complete and the business is working towards final testing having implemented all of the recommendations. Once this is complete the directors are confident that FCA permission will be received in due course, but note that there is a risk that it may not be granted, and that Dunraven Finance Limited would consequently be unable to write new business.

The directors have considered the going concern basis under two scenarios: firstly that permission is granted by the FCA and the business continues to trade; and secondly on the basis that FCA permission is not granted, in which case it is assumed that the FCA will allow the business to run-off the existing loan book in an orderly manner.

After making appropriate enquiries, the directors have, at the time of signing the financial statements, formed a judgement that there is a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

**Notes to the financial statements
for the year ended 31 March 2016 (continued)**

2.2 Going concern (continued)

This conclusion is based upon a review of the resources available to the group, taking into account the group's financial projections together with available cash and committed borrowings. In reaching this conclusion the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions and the likely effectiveness of mitigating actions that the directors would consider undertaking.

The Board has also specifically considered that:

- as a result of the matters arising from the Skilled Person review the Company has been discussing with its lenders their concerns around compliance with the operational undertakings in the group's financing arrangements. The Company is of the view that, at the time of signing the financial statements, it is in compliance with those operational undertakings. If the group is not in compliance with its financing arrangements, the lender can immediately call for repayment of the loan: the group has insufficient cash to repay the secured loan in full without securing additional funding; and
- under the run off scenario, forecast cash flows are sufficient to settle all secured lender debts, but only partially settle shareholder loan notes. Consequently should permission not be granted, the group is reliant on the ongoing support of its shareholders.

The uncertainty regarding the ongoing support of its lenders and shareholders as described above indicates the existence of a material uncertainty that may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

2.3 New standards, amendments and interpretations

The following new or amended standards and interpretations have been issued but are not yet effective for these financial statements and have not been early adopted:

- IFRS9: "Financial instruments" which is awaiting endorsement by the EU and expected to be mandatory for periods beginning on or after 1 January 2018
- Annual improvements 2014 which are effective for accounting periods beginning after 1 January 2016
- Amendment to IAS 16: "Property, plant and equipment" related to the clarification of acceptable methods of depreciation. This is effective for accounting periods beginning after 1 January 2016.

The directors do not anticipate that the application of the Amendments in the Annual Improvements 2014 and IAS 16 will have a material impact on the amounts reported and disclosed. The Company is currently in the process of assessing the impact of IFRS 9 and it is currently too early to conclude what impact these standards will have as a detailed impact assessment is required and therefore it is not practicable to provide a quantified estimate of the effects of IFRS 9.

**Notes to the financial statements
for the year ended 31 March 2016 (continued)**

2.4 Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangements. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the group's accounting policies.

2.5 Fixed assets

2.5.1 Intangible fixed assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly attributable to the acquisition design and testing of identifiable software products used by the company are recognised as intangible assets when the following criteria are met: and it is technically feasible to complete the software product so that it will be available for use;

- management intends to complete the software product and use or sell it; and there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software acquisition cost and development employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which are estimated to be between 1 and 10 years.

**Notes to the financial statements
for the year ended 31 March 2016 (continued)****2.5.2 Tangible fixed assets****Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Item	Depreciation rate
Fixtures and equipment	10 – 50%

Short leasehold land and buildings are depreciated over 25 years or, if shorter, the period of the lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statement.

2.6 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The group has chosen not to seek hedge accounting relief.

The gain or loss relating to the interest rate swaps hedging fixed rate borrowings is recognised in the income statement within "other gains/(losses)" – net.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Impairment amounts receivable from customers

Customer receivables are initially recorded at the amount advanced to the customer plus directly attributable issue costs. Subsequently, receivables are increased by revenue and reduced by cash collections and any deduction for impairment.

The group assesses whether there is objective evidence that customer receivables are impaired at each balance sheet date. The principal criteria for determining whether there is objective evidence of impairment is delinquency in contractual payments.

Where repayments are typically made monthly, customer balances are deemed to be impaired when one monthly contractual payment is missed. Impairment is calculated as the difference between the carrying value of receivables and the present value of estimated future cash flows discounted at the original effective interest rate. Estimated future cash flows are based on the historical performance of customer balances falling into different arrears stages and are regularly reassessed.

Separate provisions are raised where forbearance is provided to the customer and alternative payment arrangements are established. Accounts under payment arrangements are separately identified according to the type of payment arrangement. The carrying value of receivables under each type of payment arrangement is calculated using historical cash flows under that payment arrangement, used to predict future expected cash flows which are discounted at the original effective interest rate.

**Notes to the financial statements
for the year ended 31 March 2016 (continued)**

2.8 Impairment amounts receivable from customers (continued)

Impairment is charged to the income statement as part of operating costs.

2.9 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.10 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities).

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

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.13 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements for the year ended 31 March 2016 (continued)

2.14 Current and deferred income tax (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Employee benefits

The group operates a defined contribution pension plan.

The group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the group's activities. Further details are given below.

Revenue comprises retail turnover, maintenance income, commissions from insurance products offered by third parties and finance income, and is recognised as follows:

- (a) retail turnover from the sale of goods is recognised on delivery of the related goods;
- (b) revenue from the sale of maintenance contracts, which is credited to the profit and loss account over the period to which the maintenance contract relates;
- (c) commission income from the introduction of customers to insurance products offered by third parties

Income from financial assets

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments, including loans and advances, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to the period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the net lending balance using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**Notes to the financial statements
for the year ended 31 March 2016 (continued)**

2.16 Revenue recognition (continued)

Lease classification

Lease and hire purchase agreements that transfer substantially all of the risks and rewards of ownership to the lessee are classified as finance leases. All other leases are classified as operating leases.

When assets are leased under a finance lease, the net present value of the lease payments plus any guaranteed residual value payments, where applicable, is recognised as a receivable within loans and advances to customers. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income.

Finance lease income

Finance lease income is recognised over the lease term using the net investment method so as to reflect a constant periodic rate of return on the company's net investment in the lease. Initial direct incremental costs attributed to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable thus reducing the amount of income recognised over the lease term.

When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the agreement but not future credit losses. The calculation includes all amounts received or paid by the company that are an integral part of the overall return such as acceptance and, where relevant, early settlement fees as well as direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

2.17 Leases as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases, where the group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.18 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.19 Investments in subsidiary

Investments in subsidiary undertakings are stated at cost less provisions for any impairment in the carrying value.

**Notes to the financial statements
for the year ended 31 March 2016 (continued)**

3 Financial risk management

3.1 Group financial risk factors

The group's activities expose it to a variety of financial risks: fair value interest rate risk, cash flow interest rate risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance department under policies approved by the board of directors. The board provides written principles for overall risk management covering specific areas, such as interest rate risk, liquidity risk and use of derivative financial instruments.

(a) Market risk

Cash flow and fair value interest rate risk

The group's interest rate risk arises from its bank and loan note borrowings. Borrowings are at variable rates linked either to Barclays Bank Base Rate or LIBOR. The exposure is partially offset by cash held at variable rates.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. The group does not hedge its interest rate exposure.

At 31 March 2016, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, the finance charge for the year would have been £269,000 (2015: £157,000) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Liquidity risk

Cash flow forecasting is performed by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans and covenant compliance.

**Notes to the financial statements
for the year ended 31 March 2016 (continued)**

(c) Credit risk

Credit risk is the risk that the group will suffer loss in the event of a default by a customer or a bank counterparty. A default occurs when the customer or bank fails to honour repayments as they fall due.

(i) Loans and advances to customers

The group's maximum exposure to credit risk on loan and advances to customers as at 31 March 2016 is the carrying value of amounts receivable from customers of £56,159,000 (2015: £72,573,000).

Credit risk is managed by the Risk Committee which meets at least monthly and is responsible for approving underwriting parameters, decisioning strategy and credit control policy.

A customer's credit risk profile and ability to afford the proposed contract is initially evaluated both at the point of application, and subsequently should the customer fall into arrears. The applicant assessment process involves verification of key aspects of the customer data. Certain policy rules are also assessed in the decisioning process, as well as affordability checks to ensure that, at the time of application, the customer can afford the loan repayments.

3.1 Group financial risk factors (continued)

Arrears management is conducted by way of a combination of letters, inbound and outbound telephony, SMS, email and visits from a field based account manager. Contact is made with the customer to discuss the reasons for non-payment and specific strategies are employed to support the customer in returning to a good standing and retaining use of the goods. These include appropriate forbearance arrangements, or where the contract has become unsustainable for the customer, than an appropriate exit strategy is implemented.

(ii) Bank counterparties

The group's maximum exposure to credit risk on bank counterparties as at 31 March 2016 was £4,669,000 (2015: £2,073,000).

Counterparty credit risk arises as a result of cash deposits placed with banks and the use of derivative financial instruments with banks and other financial institutions which are used to hedge interest rate risk and foreign exchange rate risk.

Counterparty credit risk is managed by the Risk Committee and is governed by a board-approved counterparty policy which ensures that the group's cash deposits and derivative financial instruments are only made with high-quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating. In addition, there is a maximum exposure limit for all institutions, regardless of credit rating.

3.2 Capital management

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 benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the financial statements for the year ended 31 March 2016 (continued)

4.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates 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 addressed below.

(a) Loans and advances to customers (£56,159,000)

The group reviews its portfolio of loans and receivables for impairment at each balance sheet date. For the purposes of assessing the impairment of customer loans and receivables, customers are categorised into arrears stages as this is considered to be the most reliable indication of future payment performance. The group makes judgements to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cash flows.

Customer accounts are deemed to be impaired when one contractual payment has been missed since only at this point do the expected future cash flows from loans deteriorate significantly.

The level of impairment in each of the group's businesses is calculated using models which use historical payment performance to generate the estimated amount and timing of future cash flows from each arrears stage, and are regularly tested using subsequent cash collections to ensure they retain sufficient accuracy. The impairment models are regularly reviewed to take account of the current economic environment, product mix and recent customer payment performance. However, on the basis that the payment performance of customers could be different from the assumptions used in estimating future cash flows, an adjustment to the carrying value of amounts receivable from customers may be required.

To the extent that the net present value of estimated future cash flows differs by +/- 5%, it is estimated that the provision for impairment against amounts receivable from customers would be approximately higher / lower by £351,000 (2015: £231,000)

4.2 Critical judgements in applying the group's accounting policies

(a) Going concern

The critical judgements in assessing the going concern status of the group are set out in Note 2.2 of the financial statements.

(b) Recognition of deferred tax assets

The directors have considered the future trading results of the group to assess whether it is probable that the potential deferred taxation asset will be utilised and have concluded that in the context of the current year results and the expected short term levels of profitability, there is insufficient certainty to support the recognition of deferred tax assets.

5 Revenue

Turnover is analysed as follows:

	2016	2015
	£000	£000
Retail	47,577	52,498
Finance income	22,055	25,570
	69,632	78,068

Notes to the financial statements for the year ended 31 March 2016 (continued)

6 Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. During the year, the exceptional items as detailed below have been included in the income statement.

An analysis of the amount presented as an exceptional item in these financial statements is given below:

	2016	2015
	£000	£000
Costs associated with a refinancing exercise	17	228
Professional fees associated with credit approval process	444	-
Costs associated with restructuring	671	265
Provision for customer redress programme	670	-
Other exceptional costs	72	-
Monies refunded from administrators of liquidated former parent company	(190)	-
	1,684	493

7 Expenses

7.1 Expenses by nature

	Group	Group
	2016	2015
	£000	£000
Purchase of product	18,671	20,789
Wages and salaries	17,584	19,041
Vehicle costs	2,755	3,580
Rent and rates	1,124	1,104
Installation and service costs	2,265	2,411
Insurance	1,131	1,076
Advertising and marketing costs	3,367	3,514
IT and telecoms costs	2,042	1,948
Legal and professional costs	240	251
Facilities	564	618
Printing, postage and stationery expenses	442	403
Other general expenses	645	696
Irrecoverable VAT on residual costs	840	729
Bad debt charge	22,242	15,709
Exceptional administrative expenses	1,684	493
Depreciation of tangible owned assets	1,995	2,184
Amortisation of intangible fixed assets (charged to net operating expenses)	412	621
Total cost of sales, distribution costs and administrative expenses	78,003	75,167

Notes to the financial statements for the year ended 31 March 2016 (continued)

7.2 Auditor remuneration

Services provided by the company's auditor and its associates

During the year the group (including its overseas subsidiaries) obtained the following services from the company's auditor and its associates:

	Group 2016 £000	Group 2015 £000
Fees payable to company's auditor and its associates for the audit of parent company and consolidated financial statements		
Fees payable to company's auditor and its associates for other services:		
- the audit of company subsidiaries	68	66
- non-audit related taxation services	34	86
- non-audit other services	9	47
	111	199

8 Employees

8.1 Employee benefit expense

	Group 2016 £000	Group 2015 £000
Wages and salaries	15,774	17,032
Social security costs	1,674	1,862
Other pension costs	136	147
	17,584	19,041

8.2 Average number of people employed

Group	2016 Number	2015 Number
Average monthly number of people (including executive directors) employed:		
Sales and distribution	484	513
Administration	148	161
Total average headcount	632	674

8.3 Directors' remuneration

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

	2016 £000	2015 £000
Emoluments receivable	495	597
Compensation for loss of office	177	-

Notes to the financial statements for the year ended 31 March 2016 (continued)

8.3 Directors' remuneration (continued)

The emoluments of the highest paid director were as follows:

	2016	2015
	£000	£000
Highest paid director:		
Aggregate emoluments	271	270
	271	270

9 Finance costs

	2016	2015
	£000	£000
Interest expense:		
Bank borrowings	3,036	2,035
Loan notes	2,946	3,696
Amortisation of loan notes	508	994
	6,490	6,725

10 Income tax

	2016	Restated 2015
	£000	£000
Current tax:		
Current tax on profits for the year	-	-
Adjustment in respect of prior year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	(249)
Adjustments in respect of prior periods	-	(11)
Current year movement (see note 4.2 b)	5,484	-
Changes in tax rates or laws	-	21
Total deferred tax	5,484	(239)
Income tax charge / (credit)	5,484	(239)

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

	2016	Restated 2015
	£000	£000
Loss before tax	(14,861)	(3,824)
Tax calculated at domestic tax rates applicable to profits in the respective countries	(2,972)	(803)
Tax effects of:		
Expenses not deductible for tax purposes/(non-taxable income)	3	9
Accelerated capital allowances and other timing differences not recognised (see note 4.2 b)	7,863	545
Changes in tax rates or laws	-	21
Exempt amounts	4	-
Amounts not recognised	586	-
Adjustments in respect of prior periods	-	(11)
Tax charge	5,484	(239)

Notes to the financial statements for the year ended 31 March 2016 (continued)

11 Intangible fixed assets

Restated

Group	Software £000
Cost	
At 1 April 2015	4,018
Additions	260
At 31 March 2016	4,278
Accumulated amortisation	
At 1 April 2015	1,421
Charge for the year (charged to net operating expenses)	412
At 31 March 2016	1,833
Net book value	
At 31 March 2016	2,445
At 31 March 2015	2,597

Group	Software £000
Cost	
At 1 April 2014	3,417
Additions	601
At 31 March 2015	4,018
Accumulated amortisation	
At 1 April 2014	800
Charge for the year (charged to net operating expenses)	621
At 31 March 2015	1,421
Net book value	
At 31 March 2015	2,597
At 31 March 2014	2,617

12 Property, plant and equipment

Restated

Group	Short leasehold land and buildings £000	Fixtures and equipment £000	Total £000
Cost			
At 1 April 2015	814	6,680	7,494
Additions	-	1,862	1,862
Disposals	-	(1,968)	(1,968)
At 31 March 2016	814	6,574	7,388
Accumulated depreciation			
At 1 April 2015	274	3,618	3,892
Charge for the year	110	1,885	1,995
Disposals	-	(1,968)	(1,968)
At 31 March 2016	384	3,535	3,919
Net book value			
At 31 March 2016	430	3,039	3,469
At 31 March 2015	540	3,062	3,602

Notes to the financial statements for the year ended 31 March 2016 (continued)

12 Property, plant and equipment (continued)

Group	Short leasehold land and buildings £000	Fixtures and equipment £000	Total £000
Cost			
At 1 April 2014	770	5,810	6,580
Additions	44	2,057	2,101
Disposals	-	(1,187)	(1,187)
At 31 March 2015	814	6,680	7,494
Accumulated depreciation			
At 1 April 2014	138	2,757	2,895
Charge for the year	136	2,048	2,184
Disposals	-	(1,187)	(1,187)
At 31 March 2015	274	3,618	3,892
Net book value			
At 31 March 2015	540	3,062	3,602
At 31 March 2014	632	3,053	3,685

13 Fixed asset investments

Company	Interests in group undertakings £000
Cost and net book value	
At 1 April 2015 and 31 March 2016	34,063

The investment in the subsidiary companies is stated at cost less provisions for any impairment in the carrying value.

In note 2.2 Going Concern, it is noted that should Dunraven Finance Limited fail to obtain a permission to lend from the FCA, a run-off scenario will be considered. In such a scenario the carrying value of the company's investment will not be realised in full.

Notes to the financial statements for the year ended 31 March 2016 (continued)

13 Fixed asset investments (continued)

The company's interests in group undertakings comprise the following:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by		Principal Activity
			Group	Company	
Viewco 2 Limited	England and Wales	Ordinary	100%	100%	Holding company
Buy As You View Holdings Limited	England and Wales	Ordinary	100%	-	Holding company
Buy As You View Limited	England and Wales	Ordinary	100%	-	Dormant
Dunraven Finance Limited	England and Wales	Ordinary	100%	-	Retailing, renting and servicing of household goods and financier
Just Rentals Limited	England and Wales	Ordinary	100%	-	Dormant
BAYV Investments Limited	England and Wales	Ordinary	100%	-	Holding company
BAYV Investments (EBT) Limited	England and Wales	Ordinary	100%	-	Trustee of Employee Benefit Trust

For basis of consolidation see note 1.

The directors believe that the carrying value of the investments are supported by the underlying value of their underlying businesses.

14 Inventories

	2016	2015	1 April 2014
	£000	£000	£000
Components and parts for resale	1,810	1,674	1,325

The cost of inventories recognised as an expense and included in "cost of sales" amounted to £18,012,000 (2015: £20,758,000). The impairment expense amounted to £182,000 (2015: £43,000 release)

15 Trade and other receivables

	Group 2016	Group 2015	Group 1 April 2014
	£000	£000	£000
Current assets			
Prepayments	857	537	606
Taxation and social security	1,105	-	-
	1,962	537	606
	Company 2016	Company 2015	Company 1 April 2014
	£000	£000	£000
Non-current assets			
Amounts due from group companies	2,174	2,174	36,207

Notes to the financial statements for the year ended 31 March 2016 (continued)

16 Loans and advances to customers

	2016	Restated 2015	Restated 1 April 2014
	£000	£000	£000
Advances under finance leases	64,025	77,674	76,801
Less: allowance for losses on loans and advances	(7,866)	(5,101)	(4,051)
	56,159	72,573	72,750

Loans and advances to customers include finance leases:

	2016	Restated 2015	Restated 1 April 2014
	£000	£000	£000
Gross investment in finance leases:			
No later than one year	49,577	54,984	54,349
Later than one year and no later than five years	43,978	58,411	58,899
	93,555	113,395	113,248
Unearned finance income on finance leases	(29,530)	(35,721)	(36,447)
Net investment in finance leases	64,025	77,674	76,801

The net investment in finance leases may be analysed as follows:

	2016	Restated 2015	Restated 1 April 2014
	£000	£000	£000
No later than 1 year	24,780	27,453	27,441
Later than one year and no later than five years	31,379	45,120	45,309
	56,159	72,573	72,750

The unguaranteed residual value is £nil (2015: nil).

The company provides finance lease products in connection with the financing of electrical equipment and other household goods. The leases typically run for periods up to three years.

During the year, no contingent rentals in respect of finance leases were recognised in the Income statement (2015: £nil)

The average effective interest rate for the year ended 31 March 2016 was 32.0% (2015: 32.6%). The average period to maturity of the amounts receivable from customers is 17 months (2015: 19 months).

Notes to the financial statements for the year ended 31 March 2016 (continued)

16 Loans and advances to customers (continued)

The credit quality of amounts receivable from customers is as follows:

	2016	Restated 2015	Restated 1 April 2014
	£000	£000	£000
Neither past due nor impaired	51,293	67,472	68,427
Past due but not impaired	-	-	-
Impaired	7,866	5,101	4,323
Total	56,159	72,573	72,750

	2016	2015	1 April 2014
	%	%	%
Neither past due nor impaired	89	95	94
Past due but not impaired	-	-	-
Impaired	11	5	6
Total	100	100	100

However, contractually overdue loans are not deemed to be impaired unless the customer has missed a scheduled payment, since only at this point do the expected future cash flows from loans deteriorate materially.

Impairment is deducted from the carrying value of amounts receivable from customers. The movement in the impairment provision during the year is as follows:

	2016	Restated 2015
	£000	£000
At 1 April	5,101	4,051
Charge for the year	22,242	15,709
Amounts written off during the year	(19,477)	(14,659)
At 31 March	7,866	5,101

The impairment charge in respect of amounts receivable from customers reflected within operating costs is as follows:

	2016	Restated 2015
	£000	£000
Impairment charge on loans and advances to customers	22,242	15,709

Credit concentration

The group lends only to private individuals in the UK.

17 Cash and cash equivalents

	Group			Company		
	2016	2015	1 April 2014	2016	2015	1 April 2014
	£000	£000	£000	£000	£000	£000
Cash at bank and in hand	4,669	2,073	3,038	-	-	-
Cash and cash equivalents	4,669	2,073	3,038	-	-	-

Notes to the financial statements for the year ended 31 March 2016 (continued)

18 Share capital

Group and company	2016	2015	1 April 2014
	£000	£000	£000
Allotted, called up and fully paid			
750,000 (2015: 750,000) A ordinary shares of 1p each	7,500	7,500	7,500
160,000 (2015: 160,000) B ordinary shares of 10p each	16,000	16,000	16,000
90,000 (2015: 90,000) C ordinary shares of 10p each	9,000	9,000	6,000
	32,500	32,500	29,500

The authorised share capital is set out below:

The A, B and C ordinary shares carry the same rights to income and capital with respect to voting rights.

The ordinary shares shall vote at all general meetings of the company as follows:

- (a) The C ordinary shares shall be entitled as a class to such number of votes as shall be equal to:
 - (i) for so long as there is a single holder of C ordinary shares, 5%; and
 - (ii) at all other times, 15%.
- (b) The A ordinary shares and the B ordinary shares as classes together shall be entitled to such number of votes as shall be equal to 100% less the percentage of votes to which the C ordinary shares as a class are entitled to.

19 Reserves

Share premium account

The share premium account represents the premium received on the issue of the share capital and details are set out below:

Group and company	2016	2015	1 April 2014
	£000	£000	£000
750,000 (2015: 750,000) A ordinary shares of 1p issued at a premium of £47.97 each	35,979	35,979	35,979
160,000 (2015: 160,000) B ordinary shares of 10p issued at a premium of 90p each	144	144	144
90,000 (2015: 90,000) C ordinary shares of 10p issued at a premium of 90p each	81	81	54
	36,204	36,204	36,177

Profit and loss account

This represents the accumulated profits, losses and distributions of the company.

Notes to the financial statements for the year ended 31 March 2016 (continued)

20 Trade and other payables

Current	Group			Company		
	2016	2015	1 April 2014	2016	2015	1 April 2014
	£000	£000	£000	£000	£000	£000
Trade payables	1,844	3,264	3,135	-	-	-
Amounts due to group companies	-	-	-	-	-	-
Other liabilities	2,196	2,034	953	-	-	-
Social security and other taxes	713	229	75	-	-	-
Accrued expenses	4,149	3,728	5,512	-	-	-
	8,902	9,255	9,675			
Non-current						
Other liabilities	-	782	3,852	-	-	-

21 Borrowings

	Group		
	2016	2015	1 April 2014
	£000	£000	£000
Non-current			
Bank borrowings	26,103	25,807	-
Loan notes	23,627	20,469	39,957
	49,730	46,276	39,957

Loan notes are repayable within two to five years, bear interest at 14% and are unsecured.

Interest is payable on bank loans at 6.75% over LIBOR (LIBOR subject to a minimum of 1%).

The bank loan is secured by a fixed charge over certain loan agreements and a floating charge over the assets of Dunraven Finance Limited.

The bank loan held at 31 March 2016 is due for settlement on 18 August 2019.

22 Commitments

Operating lease commitments

The group leases various offices and warehouses and items of equipment under non-cancellable operating lease agreements. The future minimum lease payments under non-cancellable operating leases are as follows:

	Restated	
	2016	2015
	£000	£000
Group		
No later than one year	1,778	2,000
Later than one year and no later than five years	2,735	2,288
More than five years	402	676
	4,915	4,964

The operating lease rentals charged to the Income statement totalled £2,456,000 (2015: £2,898,000)

At 31 March 2016 the group had no capital commitments (2015: £Nil).

The company has jointly guaranteed borrowings of other group undertakings. The total of such borrowings at 31 March 2016 was £26,500,000 (2015: £26,500,000).

Notes to the financial statements for the year ended 31 March 2016 (continued)

23 Related parties

(a) Financing

In accordance with the exemption afforded by IAS24: Related Party Disclosures, there is no disclosure in these financial statements of transactions with entities that are part of the group and have been eliminated on consolidation.

The following transactions have been undertaken with funds managed by Rutland Partners LLP, through its investment fund Rutland Fund II:

	£000
Loan note balances at 31 March 2016 (2015: £20,067,000)	22,804
Interest charged on loan notes during the year ended 31 March 2016 (2015: £3,605,000)	2,818
Fees charged	150

Certain of the company's loan notes relate to the amounts due to directors. Details are set out below:

	£000
Loan note balances at 31 March 2016 (2015: £596,000)	679
Interest charged on loan notes during the year ended 31 March 2016 (2015: £107,000)	84

(b) Key management compensation

Key management includes directors (executive and non-executive, their compensation is disclosed as directors' emoluments), along with members of the Senior Management Team. The compensation paid or payable is shown below:

	2016 £000	2015 £000
Salaries and other short-term employee benefits	774	663
Compensation for loss of office	177	-
Post-employment benefits	-	-
Total	951	663

24 Financial instruments

Financial assets

	2016 £000	2015 £000
Financial assets measured at amortised cost	58,121	73,110

Financial liabilities

	2016 £000	2015 £000
Financial liabilities measured at amortised cost	58,632	56,313

Financial assets measured at amortised cost comprise loans and advances to customers and other receivables.

Financial liabilities measured at amortised cost comprise bank loans and loan notes, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Notes to the financial statements for the year ended 31 March 2016 (continued)

24 Financial instruments (continued)

	2016 £000	2015 £000
Financial assets measured at fair value through profit or loss		
Interest rate cap	-	-

The group has entered into interest rate caps. The caps have a principal amount of £15,000,000. The arrangement caps interest on the company's bank borrowings, the fair value at 31 March 2016 was insignificant and has not been recognised.

25 Deferred tax

	2016 £000	Restated 2015 £000
Provision for deferred tax comprises:		
Accelerated capital allowances	-	1,453
Short-term timing differences	-	475
Losses	-	3,556
	-	5,484

The movement in the provision for deferred taxation is set out below:

	£000	£000
At 1 April 2015	5,484	5,245
Adjustments in respect of previous periods	-	11
Credited to profit and loss account	(5,484)	228
At 31 March 2016	-	5,484

The group has unrecognised deferred tax assets of £8,712,000; these relate to short term timing differences (£1,186,000), accelerated capital allowances (1,310,000), and losses (£6,216,000). These have not been recognised due to uncertainty as to the timing of the recovery of these assets.

26 Reconciliation of operating profit to net cash inflow from continuing operating activities

	2016 £000	Restated 2015 £000
Operating (loss) / profit	(8,371)	2,901
Depreciation of owned tangible fixed assets	1,995	2,184
Amortisation of intangible fixed assets (charged to net operating expenses)	412	621
Decrease in loans	16,414	177
Increase in stocks	(136)	(349)
(Increase) / decrease in debtors	(1,425)	69
Decrease in creditors	(1,750)	(3,722)
Net cash inflow from continuing operating activities	7,139	1,881

27 Changes of accounting policy

The group has historically prepared its financial statements under UK GAAP. With effect from 1 April 2014 the company has prepared its financial statements in accordance with IFRS. See below for summary reconciliation to IFRS from reported UK GAAP comparative information.

Notes to the financial statements for the year ended 31 March 2016 (continued)

These are the first audited annual financial statements that comply with IFRS. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

First-time adopters of IFRS must apply the provisions of IFRS 1. IFRS 1 requires adopters to retrospectively apply all effective IFRS standards as of the reporting date 31 March 2016 with certain optional exemptions and certain mandatory exemptions. The group has taken advantage of one of the available exemptions related to the accounts for business continuance. Details are set out in note (a) below.

An explanation of how the transition from UK GAAP to IFRS has affected the Company's financial position and financial performance, and cash flows, is set out in the following reconciliations and the explanatory notes that accompany the reconciliations. Reconciliations of the total comprehensive income statements and equity for the respective periods are below. Changes to the cash flows were not material as a result of the conversion to IFRS.

Reconciliation of UK GAAP to IFRS

In preparing its opening IFRS financial statements, the Company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP to IFRS has affected the Company's financial position and financial performance is set out below.

Reconciliation of total comprehensive income from UK GAAP to IFRS

	Year ended 31 March 2015 £000
Total comprehensive loss (UK GAAP)	(568)
Reversal of amortisation of negative goodwill (Note a)	(2,810)
Restatement relating accounting for arrangement fees (Note b)	(259)
Deferred taxation adjustment	52
Total comprehensive loss (IFRS)	(3,585)

Reconciliation of equity from UK GAAP to IFRS

	31 March 2015 £000	1 April 2014 £000
Equity UK GAAP	32,363	32,901
Reversal of amortisation of negative goodwill (Note a)	1,674	4,484
Restatement relating accounting for arrangement fees (Note b)	(2,262)	(2,003)
Deferred taxation adjustment	452	400
Equity IFRS	32,227	35,782

- (a) In 2012 the company acquired its subsidiaries, and has taken the exemption not to re-visit the acquisition accounting at that date. On that acquisition negative goodwill of £8,430,000 arose, negative goodwill is not recognised under IFRS, and on conversion the unamortised negative goodwill at 1 April 2014 has been reversed and credited to reserves.
- (b) On conversion to IFRS, an adjustment has been required relating to the accounting for arrangement fees. Under the former UK GAAP, these fees were recognised as income on receipt, under IFRS they are included within interest calculated on an EIR basis and spent over the term of the lease agreement.
- (c) On transition, computer software has been transferred from tangible assets to intangible, the net book value at 1 April 2015 that has been transferred totaled £2,597,000.

28 Controlling parties

The ultimate controlling party was deemed to be Rutland Partners LLP, through its investment fund Rutland Fund II, by virtue of its majority shareholding of the issued share capital of Viewco 1 Limited. These financial statements are the only financial statements in which the group's results are consolidated.