

Board of Directors

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1. Eric Anstee

Executive Chairman

Appointment December 2014

Committee memberships: A RC NG R

Skills and experience

Eric joined the Board as a Non-Executive Director in December 2014 and was appointed as Chairman in January 2015. A qualified accountant, Eric has significant and broad experience of financial services businesses, having been on the board of Insight for over eight years and of Paypoint PLC (where he is also Audit Committee Chairman) for over six years. He sits on the appeals board of The Takeover Panel and is a former Chief Executive of the ICAEW.

Other appointments: Athletics Weekly Limited; Cinema 365 Limited; Insight Investment Funds Management Limited; Insight Investments Fund (Global) Limited; Insight Investment Management Limited; Paypoint PLC; Sunlife Assurance Company of Canada (UK) Limited; The Royal School of Haslemere; Wizzard Finance Limited.



2. Craig Parsons

Chief Financial Officer

Appointment September 2013

Committee memberships: RC

Skills and experience

Craig is responsible for the Group's Finance, Tax, Treasury and Risk functions. He has held a senior role in CPP's Group Finance function since 2002, most recently as Director of Tax and Treasury. He has primary responsibility for the Group's lender relationships and played the lead role in the recent equity raise and balance sheet restructuring. He qualified as a Chartered Accountant with PwC in 1995 and has almost 20 years' experience working in the financial services industry.

Other appointments: The Financial Advice Service Limited.



3. Shaun Astley-Stone

Independent Non-Executive Director

Appointment September 2013

Committee memberships: A RC NG R

Skills and experience

Shaun worked for the Group as Interim UK Managing Director from August 2012 until June 2013, during which time he was instrumental in building the customer focus of the UK business and improving regulatory relationships. Shaun has over 25 years' experience of the retail financial services and insurance sectors, at chair and board member level.

Other appointments: Chairman of Card Protection Plan Limited; Chief Executive Officer of EMC Advisory Services Limited; Director of PPI Claimline Limited; board member of the Professional Financial Claims Association.



4. Ruth Evans

Independent Non-Executive Director

Appointment October 2013

Committee memberships: NG R

Skills and experience

Ruth has an established track record representing consumer interests across a range of public and private services, including the retail financial services sector. She has extensive experience in professional and economic regulation having served as chair and board member of economic and professional regulatory authorities.

Other appointments: Chair of the Authority for Television on Demand and Independent Commissioner of the Independent Police Complaints Commission; Director of the Serious Fraud Office.

Committees

- Committee Chairman
- NG Nomination & Governance Committee
- RC Risk & Compliance Committee
- A Audit Committee
- R Remuneration Committee

Corporate Governance report

The Board is committed to high standards of corporate governance

Introduction

The Group's governance framework has been developed to ensure that it remains appropriate to the business and that the risk and compliance functions continue to be strengthened throughout the Group.

Following the recent transfer to AIM, the Company is no longer obliged to comply with the UK Corporate Governance Code 2014 (the 'Code'), although it is the Board's intention that it will continue to do so, insofar as it is practical, given the size and nature of the Company.

This report sets out the extent to which the Company complied with the provisions of the Code up to the date of this report and highlights where it did not.

The Board will keep under review the extent to which it remains practical for the Company to comply with the Code.



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Compliance with the UK Corporate Governance Code 2014

The Code defines a smaller company as one that is below the FTSE 350 throughout the year immediately prior to the reporting year. In so far as is required of a smaller company as so defined, the Directors consider that the Company has been in full compliance throughout the year with the provisions set out in the Code, except as described below:

- ▶ the Board has not considered the appointment of a Senior Independent Director appropriate, given the Company's size and financial position. This will remain under review as the Company strategy and Board structure develops;
- ▶ in view of the number of changes and issues faced in recent years, the Board has not considered a formal Board effectiveness review to be appropriate. This will be reviewed once the Board returns to a position of greater stability and as the structure of the Board develops;
- ▶ at the date of this report, Eric Anstee is Executive Chairman and effectively the roles of Chairman and Chief Executive Officer are combined. This is an interim position only, pending the appointment of a new Chief Executive Officer; and
- ▶ as an interim measure only, Eric Anstee is Chairman of both the Board and the Audit Committee. A process is underway to appoint a further Independent Non-Executive Director to take over as Chair of the Audit Committee.

Leadership

The role of the Board

The Board is responsible to shareholders for the strategic direction, management and control of the Company's activities and remains committed to high standards of corporate governance.

At the date of this report, the Board comprises:

Eric Anstee

as Executive Chairman

Craig Parsons

as Chief Financial Officer

Shaun Astley-Stone and Ruth Evans

as Independent Non-Executive Directors

With the exception of Eric Anstee, all served on the Board throughout the year under review.

The following changes were made during the year and up to the date of this report:

Duncan McIntyre

- ▶ appointed as Chairman on 29 January 2014

- ▶ resigned on 13 January 2015

Les Owen

- ▶ resigned on 13 January 2015

Eric Anstee

- ▶ appointed as Non-Executive Director on 23 December 2014, as Non-Executive Chairman on 13 January 2015 and as Executive Chairman on 16 February 2015

Brent Escott

- ▶ resigned on 16 February 2015

Biographical notes of each of the current Directors are given on page 13.

How the Board operates

The Board has a formal schedule of matters reserved to it, which is available on the Company's website www.cppgroupplc.com. This schedule was last reviewed and updated in March 2014. Key matters that the Board is specifically responsible for include:

- ▶ approval of the Group's long term ambitions, objectives and commercial strategy;
- ▶ material changes to the Group's corporate structure, including any acquisitions or disposals;
- ▶ ensuring maintenance of a sound system of internal control and risk management;

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- ▶ approval of annual and half-year results and trading updates;
- ▶ approval of the dividend policy; and
- ▶ material capital investments.

Other powers are delegated to the various Board committees and to Senior Management. Details of the roles and responsibilities of the Board Committees are set out on pages 17 to 29 and copies of all terms of reference are available on the Company's website.

Details of attendance at scheduled Board and Committee meetings during the year are set out in the table on page 16. Additional ad hoc meetings were also arranged to deal with matters between scheduled meetings as appropriate.

Papers for Board and Committee meetings are circulated in advance of the relevant meeting and any Director who is unable to attend receives a full copy of the papers and has the opportunity to comment on the matters to be discussed.

Board members also receive a monthly performance pack which is prepared at the end of each financial period and includes an update on key performance targets, trading performance and detailed financial data.

Each member of the Board has had access to all information relating to the Group and to the advice and services of the Company Secretary (who is responsible for ensuring that Board procedures are followed). All Board members also have access to external advice at the expense of the Group, should they need it.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate, clearly defined in writing and have been agreed by the Board.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. In normal circumstances the Chairman would have no involvement in the day-to-day management of the Group.

The Chief Executive Officer is responsible for the day-to-day running of the business and is accountable to the Board for its operational and financial performance.

Pending the appointment of a new Chief Executive Officer, Eric Anstee has taken the role of Executive Chairman, on an interim basis only, effectively combining the roles of Chairman and Chief Executive Officer.

Board balance, independence and appointments

The Board considers that its primary role is to provide leadership to the Group, to set the Group's long term strategic objectives and to develop robust corporate governance and risk management practices.

Various changes have occurred during the year and the Board is mindful of the need to ensure that it continues to comprise individuals with wide ranging business skills and experience and that the structure, size and composition of the Board and its Committees are appropriate.

The Board's aim is to ensure that the balance between Non-Executive Directors and Executive Directors reflects the changing needs of the business and allows the Board to exercise objectivity in decision making and proper control of the Company's business.

The Board has reviewed the independence of each of the Non-Executive Directors that continue to serve on the Board and concluded that Ruth Evans and Shaun Astley-Stone are independent. On his appointment as Chairman, Eric Anstee satisfied the independence criteria as set out in the Code, although, following his appointment as Chairman, he is assumed, in accordance with the Code, not to be independent.

The Board meets the Code requirement for smaller companies (as defined by the Code) that at least two members of the Board should be Independent Non-Executive Directors.

The Non-Executive Directors are considered to be of sufficient calibre and experience to bring significant influence to bear on the decision making process.

Throughout the year the outgoing Chairman, Duncan McIntyre, held regular informal meetings with Non-Executive Directors without the Executive Directors being present and Eric Anstee intends to continue this practice.

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the time commitment expected of them. A potential Director candidate is required to disclose all significant outside commitments prior to appointment and the Board requires disclosure and approval by the Board of all additional appointments for Executive or Non-Executive Directors. The terms and conditions of appointment of Non-Executive Directors and service contracts of Executive Directors are available to shareholders for inspection at the Group's registered office during normal business hours.

Information and professional development

The Board receives at its meetings detailed reports from Executive Management on the performance of the Group and other information as necessary. Regular updates are provided on relevant legal, corporate governance and financial reporting developments and Directors are encouraged to attend external seminars on areas of relevance to their role.

Appropriate training and induction are made available to any newly appointed Director, having regard to any previous experience they may have as a director of a public company or otherwise. In addition to any guidance that may be given from time to time by the Company Secretary, Directors are encouraged to devote an element of their time to self-development through available training.

Corporate Governance report continued

Leadership continued

Information and professional development continued

All Directors have access to the advice and services of the Company Secretary. The Company Secretary or her nominee is the Secretary for all Board Committees. The removal and appointment of the Company Secretary is a matter reserved for Board approval. The Board also obtains advice from professional advisers as and when required.

Performance evaluation

As noted earlier, in view of the number of changes and issues faced by the Board during recent years, the Board has not considered formal evaluation to be appropriate. This will be reviewed once the Board returns to a position of greater stability and once the Board is satisfied that its composition is appropriate for the developing strategy of the Company.

Re-election

The Company's Articles of Association require that newly appointed Directors offer themselves for election at the first Annual General Meeting (AGM) following their appointment and that all Directors stand for re-election at least once every three years.

Accordingly, at the 2015 AGM, Eric Anstee will seek election for the first time and Craig Parsons, Shaun Astley-Stone and Ruth Evans, having been elected at the 2014 AGM, are not required to stand for re-election at the forthcoming AGM.

Biographies for all Directors can be found on page 13.

Directors' attendance at scheduled Board and Committee meetings in 2014

| | | Board | Audit Committee | Risk & Compliance Committee | Remuneration Committee | Nomination & Governance Committee |
|--------------------|-------------------------|---------|-----------------|-----------------------------|------------------------|-----------------------------------|
| Duncan McIntyre | Non-Executive Chairman | 10 (10) | 6 (6) | 2 (2) | 2 (2) | 1 (2) |
| Brent Escott | Chief Executive Officer | 10 (10) | — | — | — | 2 (2) |
| Craig Parsons | Chief Financial Officer | 10 (10) | — | 2 (2) | — | — |
| Les Owen | Non-Executive Director | 10 (10) | 6 (6) | 2 (2) | 2 (2) | 2 (2) |
| Shaun Astley-Stone | Non-Executive Director | 10 (10) | — | 2 (2) | — | — |
| Ruth Evans | Non-Executive Director | 9 (10) | — | — | 2 (2) | 2 (2) |

The figures in brackets represent the maximum number of meetings for which the individual was a Board or Committee member.

Eric Anstee is not included in the above table, as he was appointed a Director on 23 December 2014 and no scheduled meetings were held after that date.

Relations with shareholders

The Board is committed to maintaining good relationships with shareholders. There is regular dialogue with the Company's largest shareholders, although care is exercised to ensure that any price-sensitive information is released at the same time to all shareholders, in accordance with the requirements of the UK Listing Authority. Executive Directors are available for meetings with major and institutional shareholders on request.

Key shareholders are given the opportunity to meet with the Chairman and/or Non-Executive Directors if they have concerns that have not, or cannot, be addressed through the Executive Directors. Irrespective of the size of their shareholding, shareholders have the opportunity to convey their views and make enquiries via email or telephone.

The Chairman is responsible for ensuring that appropriate channels of communication are established between the Executive Directors and shareholders, ensuring that the views of shareholders are made known to the Board. The Board is provided with an investor relations report on a monthly basis. The Company recognises the importance of ensuring effective communication with all of its shareholders and seeks to present the Company's position and prospects clearly.

The Annual Report & Accounts is distributed to all shareholders and this report, together with a wide range of other information, including the half-yearly financial report, regulatory announcements and current details of the Company's share price, is made available on the Company's website at www.cppgroupplc.com.

The AGM provides the Board with an opportunity to meet informally and communicate directly with private investors. Voting at the AGM is conducted by way of a show of hands to encourage questions from and interaction with private investors. Proxy votes lodged on each AGM resolution are announced at the meeting and published on the Company's website.

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Insurance

The Company has arranged appropriate insurance cover in respect of any potential litigation against Directors.

Internal control and compliance

The Audit Committee and the Risk & Compliance Committee receive regular reports on compliance with Group policies and procedures. On behalf of the Board, the Audit Committee and the Risk & Compliance Committee confirm that, through discharging their responsibilities under their terms of reference as described on pages 17 and 19, they have reviewed the effectiveness of the Group's system of internal controls and are able to confirm that necessary actions have been or are being taken to remedy any failings or weaknesses identified.

Full details of the Group's system of internal control and its relationship to the corporate governance structure are contained in the Risk management and principal risks section of this report on pages 11 and 12.

Conflicts of interest

A register of conflicts of interest is maintained by the Company Secretary. Directors are required to declare any specific conflicts that arise from each Board agenda and a Director would refrain from voting on any matter that represented an actual or potential conflict of interest.

Board Committees

The Audit Committee, the Risk & Compliance Committee, the Nomination & Governance Committee and the Remuneration Committee are standing Committees of the Board. The Company Secretary acts as Secretary to all of the Board Committees. Written terms of reference of the Committees, including their objectives and the authority delegated to them by the Board, are available upon request from the Company Secretary or via the Group's website at www.cppgroupplc.com. Terms of reference are reviewed at least annually by the relevant Committee and the Board. All Committees have access to independent expert advice. The Chairman of each Committee reports to the Board.

Report of the Risk & Compliance Committee**Membership and key objectives**

The Committee's key objective is to assist the Board in fulfilling its oversight responsibilities with regard to the risk appetite of the Group and the risk management and compliance framework and the governance structure that supports it.

The Committee comprises Shaun Astley-Stone (Chairman), Eric Anstee and Craig Parsons.

Key responsibilities

- ▶ review reports and recommendations regarding the Group's overall risk strategy, appetite, policies, capacity and tolerances and make recommendations to the Board;
- ▶ review the appropriateness and effectiveness of the Group's management systems and controls and approve any related disclosures;
- ▶ review appropriateness of the governance functions' policies and procedures;
- ▶ review reports from each governance function, including those on adherence to the Group's policies and standards and the maintenance of a risk and compliance culture;
- ▶ recommend to the Board the appointment or removal of the Head of Risk Management; and
- ▶ keep under review the adequacy and effectiveness of the Group's governance functions and the timeliness and effectiveness of management actions.

Membership and meetings

Only members of the Committee have the right to attend Committee meetings, although other individuals such as Executive Directors, Group General Counsel and the Head of Compliance may be invited to attend all or part of any meeting as appropriate. The Head of Risk Management is in attendance at all meetings.

Main activities of the Committee during the year

Specific matters dealt with during the year include:

- ▶ Group minimum standards;
- ▶ Group risk appetite;
- ▶ disaster recovery; and
- ▶ information security incident management process.

Corporate Governance report continued

Report of the Nomination & Governance Committee

Membership and key objectives

To assist the Board in ensuring that the Board and its Committees comprise individuals with the requisite skills, knowledge and experience to ensure they are effective in discharging their responsibilities.

Current membership is Eric Anstee (Chairman), Shaun Astley-Stone and Ruth Evans.

Key responsibilities

- ▶ carry out a formal selection process for Executive and Non-Executive Directors and propose to the Board any new appointments;
- ▶ oversee succession planning for Directors and Senior Managers below Board level;
- ▶ regularly review the structure, size and composition of the Board (including the skills, knowledge, experience and diversity required);
- ▶ make recommendations to the Board in respect of the membership of the Audit, Risk & Compliance and Remuneration Committees in consultation with the Chairmen of those Committees; and
- ▶ make recommendations to the Board on the re-appointment of any Non-Executive Director at the conclusion of their specified term of office.

Membership and meetings

In addition to Committee members, other individuals and external advisers attend meetings at the request of the Committee Chairman. During the year, the Chief Financial Officer, the Group General Counsel and the Group HR Director have attended meetings to report to the Committee and provide clarification and explanations where appropriate.

Main activities of the Committee during the year

The following principal items were dealt with during the year:

- ▶ appointment of Eric Anstee as Non-Executive Chairman; and
- ▶ commencement of the process to recruit an Audit Committee Chairman.

An external search consultancy, Odgers Berndtson, was appointed to assist with the recruitment of Eric Anstee. The Chair recruitment process was led by Ruth Evans and the outgoing Chairman, Duncan McIntyre, was not involved in the recruitment of his replacement.

Diversity

The Board considers itself diverse in terms of the background and experience each individual member brings to the Board, although recognises the benefits that greater diversity at the most senior levels of the Company may bring. With this in mind, the terms of reference of the Committee require that in each appointment to the Board, the Committee must "consider candidates on merit and against objective criteria, and with due regard for the benefits of diversity on the Board, including gender" in identifying and recommending candidates.

Report of the Audit Committee

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Membership and key objectives

The Committee's main remit is to assist the Board in discharging its duties and responsibilities for financial reporting and internal financial control to include: monitoring the integrity of the financial reporting systems; examining management's processes for ensuring the appropriateness and effectiveness of internal financial controls; overseeing the work of the Internal Audit function; and providing an interface between Management and the external auditor.

During the course of the year under review, Committee members were Les Owen (Chairman) and Duncan McIntyre. As at the date of this report, the Committee comprises Eric Anstee (Chairman) and Shaun Astley-Stone. The Board considers that Eric Anstee has recent and relevant financial experience.

Key responsibilities

- ▶ review financial statements and any financial information contained in certain other documents;
- ▶ keep under review the effectiveness of the Group's internal financial controls and approval of any relevant disclosures;
- ▶ advise the Board on its obligation to ensure that the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- ▶ review the Group's procedures for preventing and detecting fraud and bribery and the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in these or other financial reporting matters;
- ▶ review findings and reports from Internal Audit, approving Management action plans and monitoring progress against those plans;
- ▶ monitor and review the effectiveness of the Company's Internal Audit function in the context of the Company's overall assurance system;
- ▶ approve the external auditor's remuneration and terms of engagement, keep under review the scope and results of the audit work, its cost effectiveness and the independence and objectivity of the auditor, together with the volume and nature of non-audit services provided by the auditor;
- ▶ consider and approve accounting policies; and
- ▶ oversee the relationship with the external auditor, including recommendations to the Board in relation to its appointment, reappointment and removal.

Committee meetings

Only Committee members have the right to attend meetings, although others may attend by invitation of the Committee Chairman. During the year the external auditor, Senior Management, Chief Executive Officer, Chief Financial Officer and Head of Internal Audit usually attended meetings or parts of meetings to report to the Committee and provide clarification and explanations where appropriate. The Audit Committee Chairman also meets on a regular basis with the Head of Internal Audit and the external auditor without Executive Management present.

Main activities during the year

The Committee fully recognises its role of protecting the interest of shareholders as regards the integrity of published financial information and the effectiveness of the audit. The main activities of the Committee during the year were as follows:

Financial statements

The Committee reviewed and discussed financial disclosures made in the annual results announcement, the Annual Report & Accounts and the half-yearly financial report, together with any related management letters, letters of representation and reports from the external auditor. Key financial reporting and accounting issues are shown in the table on page 21.

External auditor

The Committee has responsibility for overseeing the relationship with the external auditor and approves the external auditor's engagement letter, audit fee and audit and client services plan (including the planned levels of materiality). The external auditor attends Audit Committee meetings as appropriate and meets at least annually with the Committee without Executive Management present. The Chairman of the Committee also meets privately with the external auditor.

During the year, the Committee received regular detailed reports from the external auditor including a formal written report dealing with the audit objectives, the auditor's qualifications, expertise and resources, effectiveness of the audit process, procedures and policies for maintaining independence and compliance with the ethical standards issued by the Auditing Practices Board. The external auditor's management letter is reviewed, as is Management's response to issues raised. Non-audit services provided by the external auditor are monitored by the Committee.

The Committee also reviewed detailed reports covering the planning and results of external audit work, which included challenge to Management's assumptions. In addition, the Committee considered a review of the external auditor's client service provision. The Committee is satisfied with the performance of the external auditor during the year and the policies and procedures in place to maintain their objectivity and independence. Having considered the quality, objectivity and independence of the audit teams and their work completed across the Group, the external auditor's reporting and the levels of communication and service, the Audit Committee has recommended that Deloitte be reappointed at the forthcoming AGM.

Report of the Audit Committee continued

Main activities during the year continued

Auditor's independence, objectivity and effectiveness

Fees paid to the external auditor are shown in note 7 to the consolidated financial statements. The external auditor provides some non-audit services, primarily in relation to corporate transactions that may arise from time to time. The Committee keeps under review the level of non-audit fees as a proportion of the total fees paid to Deloitte and is satisfied that any non-audit work that has been carried out during the year is that which would normally fall to the Company's auditor.

In order to ensure that auditor objectivity and independence are safeguarded, the following controls have been implemented:

- ▶ a policy on the use of the auditor for non-audit work has been agreed by the Committee. This ensures that work would usually only be awarded when, by virtue of the auditor's knowledge, skills or experience, the auditor is clearly to be preferred over alternative suppliers. This policy is appended to the Committee terms of reference which is available on the Group's website;
- ▶ the Committee receives and reviews each year an analysis of all non-audit work awarded to the auditor over the financial period; and
- ▶ the Committee receives each year a report from the external auditor as to any matters that the auditor considers bear on its independence and which need to be disclosed to the Audit Committee.

The Committee has implemented a formal process to assess the effectiveness of the external auditor, to be carried out annually following the completion of the audit. It takes the form of a detailed questionnaire to be completed by members of the Committee and senior members of the finance team who regularly interact with the external auditor. The results of the questionnaire are reported to and discussed by the Committee.

Internal audit

The Committee approves the annual internal audit plan and methodology, monitors progress against the plan and receives reports after each audit. Progress against actions identified in these reports and the external auditor's management letter, as well as other control related actions raised by third parties, are monitored by the Committee at regular intervals.

The Internal Audit team comprises the Head of Internal Audit, who is a Chartered Accountant with almost five years' service with the Company and a further two auditors. The Committee has assessed the resources the department has to complete its remit and has approved the use of external consultants to supplement it if necessary, particularly in areas requiring specialist skills. The appointment and removal of the Head of Internal Audit is the responsibility of the Committee. The Internal Audit Department continues to have unrestricted access to all Group documentation, premises, functions and employees, as required. The Head of Internal Audit has direct access to the Board and the Audit Committee Chairman and is accountable to the Audit Committee, meeting with the Committee from time to time, without Executive Management present.

Going concern

Throughout the year, the Committee received reports from Management and paid close attention to the continuing going concern position of the Company in view of various financial risks, including the Group cash position, developing information on likely redress rates and other risks that the Group continues to face. As at the date of this report, the Committee considers it appropriate that the financial statements are prepared on a going concern basis.

Committee effectiveness

In 2013, the Committee carried out a self-assessment exercise to help it assess its own effectiveness. This comprised a questionnaire completed anonymously by various participants and analysed by the Head of Internal Audit prior to consideration by the Committee. Certain changes were implemented as a result and it is proposed to repeat the exercise from time to time.

Advice to the Board

The Board sought the advice of the Committee as to whether the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee adopted a formal process to enable it to satisfy itself that this was the case, before advising the Board.

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Other activities

Other activities of the Committee during the year included:

- assessment of effectiveness of external audit process; and
- approval of Internal Audit strategy and plan.

Regular updates are provided to the Committee on developments in financial reporting and related legal and corporate governance matters.

The Committee has access to the services of the Internal Audit and Company Secretarial departments and is authorised to obtain independent professional advice if it considers it necessary.

Key financial reporting and accounting issues

The primary areas of judgement considered by the Committee in relation to the 2014 financial statements and how these were addressed by Management are shown below:

| Area of judgement | Management action |
|-----------------------|---|
| Going concern | Throughout the year, the Committee has received regular reports from Management on the going concern status of the Company taking account of the financial challenges that the Company has faced, in particular the trading, customer redress and liquidity risks. Each report was supported by a detailed forecasting exercise and included explanations of key judgements within those forecasts and the evidence on which those judgements were based. The Committee reviewed and challenged each report and the underlying forecast assumptions, including expected growth rates and key factors such as renewal rates by reference to historical information and the estimated impact of the UK Scheme as it progressed. Whilst mindful of the risks still facing the Group which include trading, residual customer redress and medium term strategy, the Committee believes that the Company remains a going concern and that it is appropriate that these financial statements are prepared on a going concern basis. |
| Regulatory provisions | The Group's regulatory provisions included the UK Scheme, which concluded on 30 August 2014 and other residual customer redress activity. The Committee considered and challenged the key judgements used in determining the overall level of the redress provisions including response rates, the size of the population of relevant customer policies, the average level of redress payable per customer and the eventual outturn of adviser costs. The Committee received detailed explanations from Executive Management in relation to the key assumptions and the supporting evidence behind them. Where appropriate, reports were obtained, for example in relation to the response rates and the completeness of the populations, in order to provide additional assurance. |
| Revenue recognition | The Committee reviews the Company's policy on revenue recognition on an annual basis and concluded that revenue recognition continues to be dealt with appropriately. This view is materially supported by the auditor's report. |

Eric Anstee
 Chairman of the Audit Committee
 30 March 2015

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Annual Statement from the Remuneration Committee Chairman

Introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration report for the year ended 31 December 2014.

Our report this year looks slightly different to that of the previous year in that the Directors' remuneration policy approved at the 2014 AGM was subsequently disapplied by a further shareholder resolution at the General Meeting held on 13 January 2015 and that element is therefore excluded from this year's report.

The remainder of the report is prepared in accordance with the requirements for a premium-listed company, reflecting the fact that the Company retained its premium listing throughout the whole of the period under review.

Following the move to AIM in February 2015, our reporting in future years will reflect the disclosure requirements of an AIM-listed company.

Review of 2014

During 2014, we made good progress in stabilising and right-sizing the UK and International businesses, completing the UK Scheme and preparing for the successful restructure and recapitalisation of the Group.

The Committee chose not to make a further LTIP award in 2014, but did recognise the need to develop and implement a bonus plan for the new Management team, directly aligned to the delivery of its short term strategic priorities. Payment levels were 'capped' by the Committee, reflecting the Company's financial circumstances.

Our strategic priorities for 2015

Our general approach continues to be driven by our primary objective, which is to operate a remuneration framework which successfully promotes the long term success of the Company. In part, this is driven by our ability to attract, motivate and retain the right calibre of people as this is critical to our long term performance, for shareholders and customers alike. Our remuneration strategy seeks to incentivise a strong Leadership Team, capable of leading multiple operations across a number of geographies, to deliver strategic, operational and financial objectives and to encourage excellence in assuring our internal control, risk and compliance processes.

The Committee is in the process of designing a replacement remuneration policy that is better suited to the Company in its current circumstances. The details of the nature and design of the new incentive arrangements are still under discussion, but it is our intention to reward performance through a combination of ordinary shares and cash bonus, in order to support the successful delivery of the business plan and reflect the creation of value for shareholders.

Activities of the Remuneration Committee

The Committee is responsible for recommending to the Board the remuneration of the Chairman, Executive Directors, Company Secretary and Executive Management. The remuneration of Non-Executive Directors is a matter for the Chairman and the Executive Members of the Board. The Committee also recommends and monitors the level and structure of remuneration for Senior Management.

The main activities of the Committee during the year under review were:

- ▶ incentivisation of Executive Directors and Senior Management team;
- ▶ Management retention and reward;
- ▶ strategy for year end salary reviews; and
- ▶ agree terms for senior appointments and exits.

Interaction with shareholders

The Remuneration Committee actively seeks the views of shareholders and understands that such consultation forms a key part of the process of remuneration policy development.

Remuneration disclosure

This report is subject to an advisory shareholder vote at the forthcoming AGM.

Ruth Evans

Chair of the Remuneration Committee
30 March 2015



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Directors' remuneration policy

The Directors' remuneration policy agreed at the AGM on 16 June 2014 was disapproved by a shareholder vote at a subsequent General Meeting on 13 January 2015 and is therefore not disclosed in this report. A new policy is being developed by the Committee with the intention that it will be better suited to the current circumstances of the Company.

Annual report on remuneration

This part of the report has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the UKLA Listing Rules. The report will be put to an advisory shareholder vote at the AGM on 1 June 2015.

Implementation of remuneration policy for 2015**Base salary**

Neither of the Executive Directors received an increase in base salary in 2014. The Committee recognised that Craig Parsons' salary was below market rate; in order to remedy this position and in recognition of his material contribution to the on-going stability of the business, an increase was agreed with effect from 1 January 2015. Executive salaries will next be reviewed on 1 January 2016.

| | Base salary £'000 | | Percentage increase |
|---------------|-------------------|----------------|---------------------|
| | 1 January 2014 | 1 January 2015 | |
| Brent Escott | 325 | 325 | — |
| Craig Parsons | 180 | 210 | 16.66 |

Pension and benefits

Executive Directors receive an employer defined contribution of up to 15% of salary.

A fixed sum of up to £20,000 is allowed to spend on a range of benefits available within the Company's flexible benefits scheme. The benefits provision for 2015 is expected to be unchanged.

Annual bonus

A revised plan will be implemented for 2015 and beyond, taking account of the Group's current circumstances.

Long Term Incentive Plan

A new LTIP is being considered as part of the overall review of policy.

Non-Executive Directors' annual fees

Non-Executive Director fees have been unchanged since 2010 and have been reviewed in the first quarter of 2015.

| Rate | Base fees £'000 | | Percentage increase |
|--|-----------------|----------------|---------------------|
| | 1 January 2014 | 1 January 2015 | |
| Chair | 125 | 130 | 4% |
| Board fees | 40 | 40 | — |
| Chair of Board Committee or regulated subsidiary company | 10 | 10 | — |

Remuneration report continued

Annual report on remuneration continued

Single total figure of remuneration (audited information)

The following table shows a total single figure of remuneration in respect of qualifying services for the 2014 financial year for each Director, together with comparative figures for 2013.

| | Base salary/fees £'000 | | Taxable benefits £'000 | | Bonus £'000 | | LTIP £'000 | | Pension £'000 | | Total £'000 | |
|---------------------------------|---------------------------|------|---------------------------|------|----------------|------|---------------|------|------------------|------|----------------|------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Executive Directors | | | | | | | | | | | | |
| Brent Escott ¹ | 325 | 108 | 80 | 24 | 98 | — | — | — | 49 | 16 | 552 | 148 |
| Craig Parsons ² | 180 | 60 | 13 | 4 | 54 | — | — | — | 18 | 6 | 265 | 70 |
| Non-Executive Directors | | | | | | | | | | | | |
| Eric Anstee ³ | — | — | — | — | — | — | — | — | — | — | — | — |
| Duncan McIntyre ⁴ | 184 | 50 | — | — | — | — | — | — | — | — | 184 | 50 |
| Les Owen | 50 | 50 | — | — | — | — | — | — | — | — | 50 | 50 |
| Shaun Astley-Stone ⁵ | 50 | 16 | — | — | — | — | — | — | — | — | 50 | 16 |
| Ruth Evans ⁶ | 55 | 11 | — | — | — | — | — | — | — | — | 55 | 11 |
| Charles Gregson ⁷ | 21 | 125 | — | — | — | — | — | — | — | — | 21 | 125 |

- Brent Escott was appointed as CEO on 1 September 2013. Included in the above figures is a travel allowance equal to £2,500 per month after deduction of tax and national insurance.
- Craig Parsons was appointed as CFO on 1 September 2013.
- Eric Anstee joined the Board on 23 December 2014; no fees were paid to him in 2014.
- With effect from 29 January 2014, Duncan McIntyre received an additional £15,000 per annum, in recognition of the additional time commitment anticipated in the first few months of his appointment. This element of his fee was reviewed in April 2014 and judged to remain appropriate, in light of his continuing time commitment. In accordance with the terms of his contract, a further payment of £50,000 was also made to Duncan McIntyre as remuneration for his significant additional time commitment during the Group's equity raise and restructure.
- Shaun Astley-Stone was appointed on 2 September 2013.
- Ruth Evans was appointed on 4 October 2013. Ruth Evans is also a Director of CPPL, for which, in 2014, she received a fee of £5,000 per annum.
- Charles Gregson resigned on 29 January 2014.

Additional information in respect of the single total figure table (audited information)

Bonus

The annual bonus plan for 2014 provided for a bonus of up to 100% of salary to be earned for achievement of Group financial performance and specified personal objectives. Payment of bonuses were dependent on achievement of key strategic milestones for 2014 as defined by the Group Executive Committee:

- ▶ completion of the UK Scheme;
- ▶ renewal packs aligned to industry standards; and
- ▶ issue of the Circular announcing the successful re-financing of the business, the capital restructure and move to AIM.

Although all of these key milestones were achieved, the Committee considered that a bonus of 30% of the maximum entitlement was appropriate, taking into account the Company's overall financial performance in the year.

LTIPs

None of the Directors had any awards capable of vesting for performance in 2013 or 2014.

Pension

The pension contributions reflect the Company's contribution of 15% or 10% of base salary as a defined contribution.

Payments for loss of office

In February 2015, Brent Escott, received six months' pay in lieu of notice, in accordance with the terms of his contract. In accordance with the scheme rules, the share options awarded to him on 31 December 2013 will lapse 90 days after the termination of his employment, i.e. on 17 May 2015.

As disclosed in last year's Annual Report, Paul Stobart received a payment of £148,000 in 2013 as pay in lieu of notice. A further payment of £219,000, being the balance of his contractual pay in lieu of notice, was paid in January 2014.

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Share scheme interests awarded during the financial year (audited information)

No awards were made during 2014.

Directors' share interests (audited information)**Long term incentive plans**

Details of awards held, granted and exercised in respect of the LTIPs are detailed below.

| Director | Balance held at 1 January 2014 | Number of share options granted in year | Number of share options exercised in year | Number of share options lapsed in year | Balance held at 31 December 2014 |
|---------------|--------------------------------------|---|---|--|--|
| Brent Escott | 1,150,000 | — | — | — | 1,150,000 |
| Craig Parsons | 731,915 | — | — | 25,000 | 706,915 |

2010 Long Term Incentive Plan (LTIP)

For LTIP awards made from 2012 onwards, the following two interdependent performance conditions apply:

- ▶ the award is subject to a performance condition under the terms of which the Company's Total Shareholder Return (TSR) performance is ranked against the TSR of a comparator group comprising the companies constituting the FTSE SmallCap (excluding investment trusts) on the date of grant of the award; and
- ▶ the TSR-based performance condition is normally measured over a three-year period starting on the date of grant and would be satisfied if the Company's TSR was at least at the median of a ranking of the TSR of each of the members of the comparator group over the same period.

If the TSR condition is not satisfied, then no part of the award will be capable of vesting and the award will lapse. If the TSR condition is satisfied, then the number of shares capable of vesting under the award shall be determined by reference to a performance condition based on the achievement of absolute average share price targets measured at the end of a three-year performance period commencing on the date of grant of the award.

For the 2013 awards, assuming the TSR condition is satisfied, as soon as reasonably practicable after the end of the performance period, the Committee shall determine the highest average share price and the number of shares (if any) in respect of which the award may vest in accordance with the following table:

| Highest average share price | Percentage of award vesting |
|---|---|
| Below 20 pence | 0% |
| 20 pence (the 'Threshold Target') | 25% |
| 45 pence or higher (the 'Maximum Target') | 100% |
| Between 20 pence and 45 pence | Between 25% and 100% on a straight line basis |

Clawback provisions will continue to allow all or part of an LTIP award to be recovered if, for example, there is a restatement of the financial accounts or the individual is dismissed for 'cause'.

The 2013 LTIP awards were granted as nil-cost options on 31 December 2013 and will vest on 31 December 2016, subject to performance conditions. When awards were granted, the market value of shares was 8.50 pence. Awards vest subject to continued employment and the satisfaction of performance conditions as set out above.

The market price of ordinary shares of the Company as at 31 December 2014 was 5.63 pence and the range during the year was 4.82 pence to 18.75 pence.

Remuneration report continued

Annual report on remuneration continued

Other share plans

2010 Restricted Stock Plan (RSP)

The RSP is a non-performance based share plan aimed at incentivising the second tier of management across the Group and Executive Directors are not eligible to participate. Employment is the only performance condition attached to this plan.

UK Save As You Earn scheme (SAYE)

The Company launched a Save As You Earn scheme (ShareSAVE plan) in September 2010 and made an additional offer in September 2011. All employees in the UK, including Executive Directors, are eligible to participate in the SAYE scheme. Options were granted under this scheme in September 2010 at an option price of 198 pence and in September 2011 at an option price of 125 pence, in each case representing a discount of 20% to the market value applicable at the time of grant. Consistent with HMRC rules, the scheme is not subject to any performance criteria other than employment. No offer has been made under this scheme since 2011.

Deferred Share Bonus Plan (DSBP)

The Committee supports the principle that the payment of a proportion of any annual bonuses paid in future periods should be deferred and paid in Company shares as it further aligns Executives with shareholders.

Accordingly, at the Committee's discretion, annual bonuses awarded under the Executive bonus scheme may also be subject to the DSBP arrangements whereby any bonuses awarded up to 50% of maximum potential (i.e. up to target bonus) will be paid as cash and, where the bonus exceeds 50% of maximum potential (i.e. is above target), half of the additional bonus above target will be paid as cash and half will be deferred into awards over shares under the DSBP. Deferred shares will vest on the third anniversary of grant subject to continued employment at the Company.

The concept of clawback applies to DSBP awards. None of the current Directors hold shares under the DSBP.

Legacy plans

The Company has two legacy share plans (the 2005 Plan and the 2008 Plan) wherein options were exercisable as follows: 50% on 24 March 2010, 25% on 24 March 2011 and 25% on 24 March 2012. There are no performance conditions attached to these shares other than those relating to employment.

The following options are held by Craig Parsons under the 2005 Plan and the 2008 Plan:

| Director | Legacy plan | Option price | Balance as at 1 January 2014 | Number of share options granted in year | Number of share options exercised in year | Number of share options lapsed in year | Balance as at 31 December 2014 | Expiry date |
|---------------|-------------|--------------|------------------------------|---|---|--|--------------------------------|-------------|
| Craig Parsons | 2005 | £2.28 | 41,864 | — | — | — | 41,864 | 21/12/19 |
| | 2008 | £1.79 | 40,000 | — | — | — | 40,000 | 19/06/18 |

The market price of ordinary shares of the Company as at 31 December 2014 was 5.63 pence and the range during the year was 4.82 pence to 18.75 pence.

Shareholder dilution

In line with the ABI guidelines, the rules of the above incentive schemes provide that:

- ▶ commitments to issue new shares or re-issue treasury shares, when aggregated with awards under all of the Company's other schemes, must not exceed 10% of the issued ordinary share capital in any rolling ten-year period commencing on Admission of the Group's shares to the London Stock Exchange (Admission); and
- ▶ commitments to issue new shares or re-issue treasury shares under Executive (discretionary) schemes should not exceed 5% of the issued ordinary share capital of the Company in any rolling ten-year period commencing on Admission.

As well as the LTIP and the RSP the Company operates a SAYE share plan approved by HM Revenue & Customs for all UK employees. Newly issued shares are currently used to satisfy the exercise of all employee and Executive options.

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Performance graph and table

The following graph illustrates the TSR performance on a cumulative basis with dividends reinvested as at the end of the financial year compared with the FTSE 250 Index and FTSE SmallCap Index.



Source: Thomson Reuters

Directors' shareholdings (audited information)

The Directors who served during the year under review held the following beneficial interests in the Company's ordinary shares:

| | Ordinary shares held at 31 December 2014 | Ordinary shares held at 31 December 2013 | Interests in unvested shares under incentive plans |
|-----------------|--|--|--|
| Eric Anstee | — | — | — |
| Craig Parsons | — | — | 788,779 |
| Duncan McIntyre | 13,340 | 13,340 | — |
| Brent Escott | — | — | 1,150,000 |
| Les Owen | 22,984 | 22,984 | — |

There have been no purchases of shares by Directors since 31 December 2014 to the date of this report.

Share ownership guidelines

The Group operates share ownership guidelines for both Executive and Non-Executive Directors which are currently under review, as part of the overall review of policy.

Table of historical data

The following table shows the total remuneration, as defined by the regulations, and the amount vesting under short term and long term incentives as a percentage of the maximum that could have been achieved, in respect of the Chief Executive Officer. Figures are given from 2010 only, being the date that the Company was admitted to the London Stock Exchange.

| Director | 2014 Brent Escott ¹ | 2013 Brent Escott | 2013 Paul Stobart ² | 2012 Paul Stobart | 2011 Paul Stobart | 2011 Eric Woolley ³ | 2010 Eric Woolley |
|---|-----------------------------------|----------------------|-----------------------------------|----------------------|----------------------|-----------------------------------|----------------------|
| Single figure of total remuneration (£'000) | 552 | 148 | 630 ⁴ | 576 | 144 | 494 | 2,874 ⁵ |
| Annual bonus against maximum opportunity | 30% | — | — | — | — | — | 72% |
| Long term incentive vesting rates against maximum opportunity | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

- Brent Escott was appointed on 1 September 2013 and resigned on 16 February 2015.
- Paul Stobart was appointed on 1 October 2011 and resigned on 31 August 2013.
- Eric Woolley resigned as a Director on 1 October 2011.
- This figure includes an amount of £148,000 pay in lieu of notice.
- Mr Woolley held 1,296,400 options under the legacy schemes which vested on 24 March 2010. These were not subject to performance conditions and so are not treated as long term incentives for the purposes of this table. The figure includes Mr Woolley's aggregate gain on vesting which was £1,747,096 plus £367,573, being a cash enhancement due to the restructuring of the business.

Remuneration report continued

Annual report on remuneration continued

Percentage change in remuneration levels

The table below shows the movement in the remuneration of the Chief Executive Officer compared to that of UK-based employees. This comparator group has been chosen as the Group Chief Executive Officer is based in the UK and this is a sizeable representation of our employee base.

| | Chief Executive Officer | Average per employee |
|----------|-------------------------|----------------------|
| Salary | 0% ¹ | 2% ² |
| Benefits | 0% | 0% |
| Bonus | See note 3 below | See note 3 below |

1. Brent Escott was appointed on 1 September 2013. His salary on appointment was £325,000 which did not change during the course of the year.
2. Only those UK-based employees earning up to £60,000 per annum were awarded a 2% pay increase in 2014 in line with the Consumer Prices Index (CPI).
3. Brent Escott was awarded a bonus payment of £97,500 for 2014 performance. There was no UK-based employee bonus scheme in 2014, so it is not possible to provide a comparison.

| | 2014 £'000 | 2013 £'000 | Percentage change |
|---------------------------------------|---------------|---------------|----------------------|
| Total expenditure on pay ¹ | 28,628 | 34,734 | (17.6)% |
| Dividends paid ² | — | — | — |

1. Total expenditure on pay is based on continuing operations only and includes wages and salaries; social security costs; share-based payments and pension costs as detailed in note 9 to the consolidated financial statements on page 54.
2. The Directors have not considered it appropriate to recommend payment of dividends in either 2013 or 2014 due to the Company's financial circumstances.

Service contracts and letters of appointment

Craig Parsons has a service contract with a notice period of six months by either party.

Non-Executive Directors do not have service contracts but receive letters of appointment. Eric Anstee's appointment is subject to three months' notice during the first year of appointment and one month thereafter. Other Non-Executive appointments are subject to one month's notice.

Copies of Directors' service contracts and letters of appointment are available for inspection by shareholders at the Company's registered office. The dates of their service contracts and letters of appointment are shown below:

| Name | Date of service contract/ letter of appointment | Effective date of appointment |
|--------------------|--|-------------------------------|
| Eric Anstee | 23 December 2014 | 23 December 2014* |
| Craig Parsons | 30 August 2013 | 1 September 2013 |
| Shaun Astley-Stone | 1 August 2013 | 2 September 2013 |
| Ruth Evans | 5 September 2013 | 4 October 2013 |

* Effective date of Eric Anstee's appointment as a Non-Executive Director.

Outside appointments

Craig Parsons does not hold any outside listed company appointments. Eric Anstee is a Non-Executive Director of Paypoint PLC, a company listed on the London Stock Exchange.

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Committee membership

During the year under review the Committee consisted of Ruth Evans (Chair), Duncan McIntyre and Les Owen. At the date of this report, the Committee comprises Ruth Evans (Chair), Eric Anstee and Shaun Astley-Stone.

Advisers to the Remuneration Committee

The Committee appointed and received advice over the year from independent remuneration consultants New Bridge Street (NBS), a trading name of Aon Hewitt Limited (an Aon plc company). NBS is a signatory to the Remuneration Consultants Group Code of Conduct and any advice provided by it is governed by that Code. Other than acting as independent consultant to the Committee, NBS provided no further services to the Company during the year.

Work undertaken by NBS included:

- annual review of Remuneration Committee terms of reference;
- annual review of trends in Executive compensation;
- review of Chairman and Non-Executive Director fees; and
- review of Executive Director compensation.

The Committee reviews the objectivity and independence of the advice it receives from NBS. The Committee is satisfied that NBS is providing robust, professional and independent advice. For the year under review, NBS's total fees charged were £24,965.

During the year, Eversheds LLP, the Group's legal advisers, provided advice to the Committee in connection with the shareholder resolution to disapply the Remuneration Policy voted on at the General Meeting on 13 January 2015. The total fees charged for this work were £44,000.

In the course of its deliberations, the Committee considers the views of the Chief Executive Officer on the remuneration and performance of the Executive Committee. The Committee also asks for and receives information from the Group HR Director.

No other advisers have provided significant services to the Committee in the year.

Statement of voting at Annual General Meeting

Votes cast by proxy and at the 2013 and 2014 meetings in respect of the Directors' remuneration report were as follows:

| | For | | Against | | Abstain | | Reasons for votes against, if known | Action taken by Committee |
|--|------------|-------|---------|------|-------------|-------|-------------------------------------|---------------------------|
| | Number | % | Number | % | Number | % | | |
| 2012 Remuneration report | 29,095,227 | 98.07 | 521,979 | 1.76 | 51,044 | 0.17 | n/a | n/a |
| 2013 Remuneration report (excluding Remuneration policy) | 5,773,562 | 4.64 | 2,835 | 0.00 | 118,662,289 | 95.36 | n/a | n/a |
| 2013 Remuneration policy | 5,764,472 | 4.63 | 2,835 | 0.00 | 118,671,379 | 95.37 | n/a | n/a |

Directors' report

The Directors present their Annual Report and audited financial statements of the Group for the year ended 31 December 2014.

Principal activities

The principal activity of the Group is the provision of assistance products. Further information on the Group's business can be found in the following sections of the Annual Report, which are incorporated by reference into this report:

- Strategic report on pages 02 to 12;
- Corporate Governance report on pages 14 to 18;
- Report of the Audit Committee on pages 19 to 21; and
- Remuneration report on pages 22 to 29.

Directors

The Directors who served throughout the year, except as noted, are shown in the table below.

| Directors | | |
|------------------------------|-------------------------|---|
| Eric Anstee ¹ | Executive Chairman | (appointed 23 December 2014) |
| Craig Parsons | Chief Financial Officer | |
| Shaun Astley-Stone | Non-Executive Director | |
| Ruth Evans | Non-Executive Director | |
| Duncan McIntyre ² | Non-Executive Chairman | (appointed 29 January 2014) (resigned 13 January 2015) |
| Brent Escott | Chief Executive Officer | (resigned 16 February 2015) |
| Les Owen | Non-Executive Director | (resigned 13 January 2015) |

1. Eric Anstee was appointed as a Non-Executive Director on 23 December 2014, as Non-Executive Chairman on 13 January 2015 and as Executive Chairman on 16 February 2014.

2. Duncan McIntyre was appointed as a Non-Executive Director on 1 January 2011, and as Non-Executive Chairman on 29 January 2014.

The Company's Articles of Association require that newly appointed Directors offer themselves for election at the first AGM following their appointment and that all Directors stand for re-election at least once every three years.

Accordingly, Eric Anstee will seek election to the Board for the first time at the 2015 AGM.

Details of powers of Directors, procedures for appointment and re-election of Directors, Directors' indemnity insurance and procedures for managing Directors' conflicts of interest are included in the Corporate Governance report on pages 14 to 21.

Biographical details for each Director are set out on page 13. Details of Committee memberships are set out on pages 17 to 29 of the Corporate governance section.

Details of Directors' beneficial interests in and options over the Company's shares are set out in the Remuneration report on pages 25 to 27.

Pages 13 to 29 are by reference part of the Directors' report.

Dividends

The Directors recommend that no final dividend be paid in respect of 2014. No dividends have been paid in either the current or prior year.

Annual General Meeting

The AGM of the Company is to be held on 1 June 2015. The notice of the AGM and an explanation of the non-routine business are set out in the explanatory circular that accompanies this Annual Report. The notice of the AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting.



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Pages 02 to 12



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Capital structure

Details of the issued share capital, together with movements in the Company's issued share capital for the period, can be found in note 28 to the consolidated financial statements. The Company's capital comprises ordinary shares of 1 penny each, which carry no right to fixed income. Each fully paid share carries the right to one vote at a General Meeting of the Company.

Following the recent capital restructure, the Company also has deferred shares which carry no voting rights, no rights to dividend and only very limited rights on a return of capital.

Details of the Group's employee share schemes are set out in note 29.

A special resolution was passed at the Company's AGM on 16 June 2014, which allows the Directors to allot shares up to an aggregate amount equal to one third of the Company's existing issued ordinary share capital.

Pursuant to Article 5 of the Company's Articles of Association and subject to the provisions of the applicable regulations, statutes and subordinate legislation, the Company is entitled to purchase its own shares. The Company did not purchase any of its own shares during the year.

Change of control provisions

Some agreements to which the Company or its subsidiaries are a party may be at risk of termination by counterparties in certain restricted circumstances in the event of a change of control of the Company. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Substantial shareholdings

On 31 December 2014, the Company had been notified, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the notifiable interests in the ordinary share capital of the Company set out in the table below. As far as the Directors are aware, as at 31 December 2014 no person had a beneficial interest in 3% or more of the voting share capital except for the following:

| Name | Ordinary shares (thousands) | % |
|------------------------------------|--------------------------------|--------|
| Mr Hamish Ogston | 96,332 | 56.12% |
| Schroder Investment Management Ltd | 22,311 | 13.00% |
| Mr Tariq Rashid | 5,500 | 3.20% |

As a result of the capital restructure, the substantial shareholdings subsequent to the year end and up to the date of this report are as follows:

| Name | Ordinary shares (thousands) | % |
|---|--------------------------------|--------|
| Funds managed by Phoenix Asset Management Partners Limited | 335,327 | 40.00% |
| Milton Magna Limited (a company controlled by Mr Hamish Ogston) | 264,144 | 31.51% |
| Mr Hamish Ogston | 96,332 | 11.49% |
| Schroder Investment Management Limited | 83,748 | 9.99% |

Mr Hamish Ogston holds a beneficial interest in 43% of the issued shares of the Company. Under the terms of a Relationship Agreement between Mr Ogston and the Company dated 22 December 2014 and effective from the Company's admission to AIM, for so long as Mr Ogston and any person or corporate body connected to him (a 'Controlling Shareholder') holds, in aggregate, 30% or more of the ordinary shares or the voting rights attaching to the shares, Mr Ogston shall not and shall procure that each Controlling Shareholder shall not:

- vote in favour of, or propose any resolution to amend the Articles which would be contrary to the principle of the independence of the Company from the Shareholder or any of the Controlling Shareholders;
- take any action which precludes any member of the Group from carrying on its business independently of Mr Ogston or any Controlling Shareholder; or
- take any action (or omit to take any action) to prejudice the Company's status as a Company admitted to AIM or its suitability for admission to AIM or the Company's compliance with the AIM Rules, other than in the circumstances of a takeover or merger of the Company.

Directors' report continued

Going concern

In reaching their view on the preparation of the Group's financial statements on a going concern basis, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

During the year, significant progress has been made; the UK Scheme is now complete and the Group has successfully raised equity capital since the year end of £20.0 million (£17.9 million net of expenses) with the transaction completing on 11 February 2015. As part of this transaction, it was agreed that the Business Partner deferred commission debt of £20.9 million at the date of the transaction would be compromised for a payment of £1.3 million and further deferral of commission of up to £1.3 million and the lender borrowing facility would be prepaid in part reducing from £13.0 million to £5.0 million. The remaining funds from the equity capital raise will provide additional liquidity for the Group's on-going activities. Whilst there continues to be uncertainty from trading and residual redress risk, along with medium term strategic risk, the Group's forecasts, taking account of the new capital structure, show that the Group should have the necessary resources to trade and operate within the level of its agreed facilities. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- ▶ so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- ▶ the Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to continue in office as auditor. Accordingly, a resolution to reappoint Deloitte will be proposed at the Annual General Meeting.

By order of the Board

Lorraine Beavis
Company Secretary
30 March 2015

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The Directors are responsible for preparing the Annual Report & Accounts 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 are required to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and Article 4 of the IAS Regulation and have elected to prepare the Company 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 accounts until they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing the consolidated financial statements, International Accounting Standard 1 requires that Directors:

- ▶ properly select and apply accounting policies;
- ▶ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- ▶ provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- ▶ make an assessment of the Company's ability to continue as a going concern.

In preparing the Company financial statements, the Directors are required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and 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; and
- ▶ prepare the Company 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- ▶ the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Company and the undertakings included in the consolidation taken as a whole;
- ▶ the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face; and
- ▶ the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Eric Anstee

Executive Chairman
30 March 2015

Craig Parsons

Chief Financial Officer
30 March 2015