Private &
Commercial
Finance

Annual Report & Financial Statements 2016

Private & Commercial Finance Group plc








2016

Private & Commercial Finance Group plc is the parent company of a group of specialist companies engaged in the provision of finance for vehicles, plant and equipment for consumers and businesses.

Contents

Private & Commercial Finance

Company Information

Directors	**D G Anthony** *Non-executive Chairman (resigned 8 December 2016)* **T A Franklin** *Non-executive Chairman (appointed Non-executive 6 December 2016 and Non-executive Chairman 8 December 2016)* **D J Morgan** *Non-executive* **A N Nelson** *Non-executive* **N P D Winks** *Non-executive (resigned 30 October 2015)* **A J Brook** *Non-executive (appointed 1 December 2015)* **M F Brown** *Non-executive (appointed 1 December 2015)* **S D Maybury** *Chief Executive* **R J Murray** *Managing Director* **Z R Kerse** *Finance Director (resigned 31 July 2015)* **D R Bull** *Finance Director (appointed 3 August 2015)*
Company Secretary	**R J Murray**
Registered Office	Pinners Hall 105-108 Old Broad Street London EC2N 1ER
Registered Number	02863246
Auditors	**Ernst & Young LLP** 25 Churchill Place London E14 5RB
Nominated Adviser & Broker	**Panmure Gordon (UK) Limited** One New Change London EC4M 9AF
Joint Broker	**Stockdale Securities Limited** Beaufort House 15 St Botolph Street London EC3A 7BB
Solicitors	**Maclay Murray & Spens LLP** One London Wall London EC2Y 5AB
Registrars	**Computershare Investor Services PLC** The Pavilions Bridgwater Road Bristol BS99 7NH
Media & Investor Relations	**Tavistock Communications Limited** 131 Finsbury Pavement London EC2A 1NT

Private & Commercial Finance Group plc ordinary shares are listed on the Alternative Investment Market of the London Stock Exchange.

Details of the Group, its products, recent developments, share price and analysts' research can be found on our web-site, *www.pcfg.co.uk*

Private & Commercial Finance

Board of Directors

Tim Franklin **Non-executive Chairman**

Tim was appointed to the Board as non-executive Chairman in December 2016. He has a financial services background and has worked in banking for a number of organisations for over 30 years. He is currently a non-executive director at Post Office Limited, which is the UK's largest financial services retailer by number of outlets. Tim sits on the Audit Committee at Post Office and also chairs the Post Office Advisory Council. He is also Senior Independent Director at HM Land Registry. Tim is an ILM qualified Level 7 Coach and works extensively with senior executives across many industries, both in the UK and internationally.

David Morgan **Non-executive Director**

David was appointed as a non-executive director in July 2012. He has over thirty-five years' experience in international banking, building his career at Standard Chartered Bank in Europe and the Far East and becoming Chief Executive for the UK and Europe in 1998. Since leaving Standard Chartered in 2003 he has been involved in a range of business advisory and non-executive roles. He is currently a non-executive director of Somers Limited, Bermuda Commercial Bank Limited, Waverton Investment Management Limited and Ascot Lloyd Financial Services Limited. He is also Chairman of Harlequins FC, the Premiership rugby club.

Anthony Nelson **Non-executive Director**

Tony is one of the founding directors of Private & Commercial Finance Group plc and a member of The Association of Corporate Treasurers. After qualifying as a solicitor, he held senior management positions with various multi-nationals, including Chief Executive of McDonnell Douglas Bank Limited from 1981 to 1993 and Chief Executive of Private & Commercial Finance Group plc from 1994 to 2008.

Andrew Brook **Non-executive**

Andrew was appointed to the Board as a non-executive director in December 2015. He is a chartered accountant with over 25 years' financial services experience as a non-executive director and previously a partner with PwC Bermuda. He is an independent non-executive director of the company's parent, Bermuda Commercial Bank, and chairs its Audit Committee. He also sits on the board of a private equity advisory business focussing on Africa. He chairs its Investment Committee as an independent non-executive director.

Mark Brown **Non-executive**

Mark was appointed to the Board as a non-executive director in December 2015. He has been Chairman of Stockdale Securities since November 2014. He was previously Chief Executive of Collins Stewart Hawkpoint and brings a wealth of experience and leadership in both small and large financial services businesses. Having worked as Global Head of Research for ABN AMRO and HSBC and as Chief Executive of ABN's UK equities business, Mark led the successful turnaround of Arbuthnot Securities followed by Collins Stewart Hawkpoint.

Scott Maybury **Chief Executive**

Scott holds a degree in business studies and is a qualified accountant. He spent six years with BHP-Billiton, Australia's largest multi-national corporation, and five years with McDonnell Douglas Bank. He is one of the founding directors of Private & Commercial Finance Group plc and was previously Finance Director until October 2008.

Robert Murray **Managing Director**

Robert holds the ACIB Banking Diploma and has over thirty-five years banking and finance experience. He heads both the Business and Consumer Finance Divisions and has extensive experience in lending to personal, corporate and international customers. He is one of the founding directors of Private & Commercial Finance Group plc.

David Bull **Finance Director**

David was appointed as Finance Director and joined the Board in August 2015. He holds a first class degree in Mathematics and Statistics and is a qualified chartered accountant. After qualifying in 1996, he has worked in the banking sector across a number of institutions including KPMG and Deutsche Bank and was interim Chief Financial Accountant at the Bank of England. Recently David worked as Director of Finance and Company Secretary at Hampshire Trust Bank where he was instrumental in setting up the banking operations of that specialist challenger bank.

Chairman's Statement

for the 18 months ended 30 September 2016

I am delighted to present this set of audited accounts in my first Chairman's Statement since being appointed to the Board of Private & Commercial Finance Group in December. This business has been built on strong foundations with a track record of delivery. These accounts continue to show strong performance on key lines and are delivered against the backdrop of recent authorisation to become a bank later this year, subject to achieving pre-conditions laid down by our regulators.

Profit before tax for the 18 month accounting period was £5.1 million, after expensing £0.5 million of costs relating to our application for a banking licence. Profit before tax for the pro forma 12 month period ended 30 September 2016 increased by 29% to £3.6 million (2015 – £2.8 million), while profit after tax was up 27% to £2.8 million (2015 – £2.2 million). Fully diluted earnings per share increased by 19% to 1.9p (2015 – 1.6p).

Profit has reached record levels and we have exceeded our key targets for Return on Average Assets ('ROAA') and after tax Return on Equity ('ROE'). We will remain focussed on these two key performance indicators as we enter the next stage in our development, and are now targeting an ROAA of 2.5% and an ROE of 12.5% over the medium-term as we build the infrastructure for the bank.

The improved profitability was due to a strong portfolio performance with gross profit increasing by 10% in the pro forma 12 month period ended 30 September 2016, while administration expenses before banking costs increased by only 3%. This operational gearing demonstrates the potential for a business model that delivers profitability through prudent portfolio growth.

Finance receivables increased by 14% to £122 million (2015 – £108 million) in the 12 month period. The gross profit margin reduced marginally to 28.1% (2015 – 29.5%) due to competitive pressures in the market place. This is the result of ensuring we deliver portfolio growth without compromising on credit quality, which will underpin the future prospects of the Group.

Dividend

Enhancing shareholder returns on a sustainable basis is a key objective for the Group. The 19% growth in earnings per share has supported a return to the dividend list for the first time in 13 years. This has been a long-held ambition for the Group and although establishing a new bank will be capital intensive, we are recommending a dividend of 0.1p per share, with an intention to adopt a progressive dividend policy while maintaining a conservative cover ratio in the early years of the bank. Subject to approval by shareholders at the Annual General Meeting on 10 March 2017, this dividend will be paid on 13 April 2017 to shareholders on the register on 24 March 2017, and a scrip alternative will be made available.

Banking licence

The Group received notification on 6 December 2016 that its application for a banking licence had been successful. This has been an exacting two years project and we are proud to have been recognised by the Prudential Regulation Authority and the Financial Conduct Authority as a business which has the culture, processes and financial strength to be worthy of being licensed as a bank.

The Group has chosen the 'mobilisation route' to authorisation. This involves the granting of the banking licence with restriction, which requires the delivery of a number of predetermined tasks and actions in accordance with an agreed project plan to be completed within the next 12 months. The Group chose this route as it ensures certainty of outcome before incurring the substantial infrastructure costs of operating as a bank. These costs cover areas such as an enhanced governance framework, additional staff resource and new technology platforms. The project plan is well underway and the Group expects to mobilise the bank in summer 2017.

Initially, the bank will support the Group's existing chosen markets of consumer motor finance and SME asset finance, and there is plenty of scope to grow both these areas by utilising the cheaper cost of funds and more flexible nature of a retail depositor base. The growth in the portfolio will continue to be based on prudent lending, with our credit risk appetite focussing on increasing our volumes by operating in the prime sector of both markets.

Private & Commercial Finance

Chairman's Statement

Access to the retail deposit market will provide the Group with a funding resource far in excess of that available from wholesale bank debt, allowing us to scale the portfolio to levels which would otherwise be unachievable. We will still retain an element of wholesale bank debt to maintain a diversified treasury model, mitigating risk in times of economic uncertainty. Once the bank is established, the Board will assess its options for extending the Group's range of financial products. This diversification may arise from corporate activity or from acquiring specialist resource in chosen sectors.

New business and our business model

New business originations exceeded £100 million in the 18 month period to 30 September 2016 and were up by 14% in the pro forma 12 month period to £68.4 million (2015 – £59.9 million). This growth is broadly based on consumer motor finance lending growth of 8% to £37.0 million and SME asset finance lending growth of 22% to £31.4 million. Consumer and business confidence remains good in both markets and the result of the EU Referendum vote in June 2016 had little effect on these results. The current portfolio sizes are £70 million for consumer finance (2015 – £63 million) and £52 million for SME asset finance (2015 – £45 million).

New business margins remain strong across the Group despite an increasingly competitive market and the credit quality is matching our expectations, with 55% (2015 – 57%) of originations being in our top two credit tiers. Our efforts to develop direct channels and win repeat business have continued successfully with £5.4 million (2015 – £5.0 million) of returning customers, representing our largest single source of new business.

We have already started our preparations for growing the lending side of our business once the mobilisation of the bank has been completed and are currently working on a project to enhance the quality and range of credit bureau data we receive, which will include digital solutions for customer affordability and identification. This will improve speed and quality of service, ensuring positive outcomes for our customers.

Private & Commercial Finance has a proven business model for lending to both individuals and SMEs. Our Consumer and Business Finance Divisions complement each other in terms of the infrastructure required and balancing the risk profile. Each market also provides growth opportunities at different points in the economic cycle. The use of information technology is at the heart of our operational efficiencies and the relationships with our customers. The model requires an understanding of their finance needs, an ability to deliver excellent levels of customer service to both our customers and our network of intermediaries, as well as striking the right balance, when underwriting, between risk and reward. We will continue to operate a model that minimises risk by financing assets which have strong collateral characteristics and average low transaction sizes, spread over a diverse customer base.

This is a robust model that has been tested in the most difficult of economic conditions and provides us with confidence for the future. This straightforward, easily understood and customer focussed approach to business will stand us in good stead for our entry into the deposit-taking market.

Portfolio and balance sheet

The portfolio has grown strongly and is reported net of £28.2 million (2015 – £25.7 million) of unearned finance charges which are attributable to future years. These will be recognised over the next four years and provide the Group with predictability and quality of earnings going forward.

The quality of the portfolio continues to improve. The loan loss provisioning charge fell from £1.3 million to £1.0 million in the pro forma 12 month period ended 30 September 2016, which is a 23% reduction and represents a charge-off rate for the year of 1.0% of the average portfolio (2015 – 1.2%). The credit quality is also reflected in the percentage of the portfolio that is reported as neither past due nor impaired, which was steady at 96% during this period (2015 – 96%). With a focus on the quality of new business originations and with the Group operating in markets in which it has invaluable experience through historic performance, the portfolio should continue to perform well throughout its lifecycle.

Capital and funding

The net assets of the Group increased by 15% to £24.7 million as at 30 September 2016 (2015 – £21.5 million) following the conversion of outstanding loan notes. As at 30 September 2016, all remaining loan notes had either been redeemed or were the subject of a notice to convert. The loan notes subject to conversion were admitted to trading on 10 October 2016.

The Group has £174 million of committed debt facilities (2015 – £119 million). These are drawn to £109 million, leaving headroom of £65 million (2015 – £32 million) at the year-end. During the period, the Group entered into an £83 million facility with its majority shareholder, Bermuda Commercial Bank. This facility, along with existing headroom, provides adequate capacity for future growth in new business origination up to the point when we start to accept retail deposits.

The first retail deposits are planned for summer 2017, providing the Group with a greatly enhanced treasury model that will offer diversification while also providing a source of funding that is more attractive in terms of cost and scale. This strategy will transform the business, supporting our long-term strategy to grow into a substantial financial services group.

The Group's capital base continues to grow and the gearing ratio stands at 4.1 (2015 – 4.0).

Current trading and outlook

We have delivered excellent profitability in the period as the result of a growing portfolio, combined with further gains in portfolio performance and a continued focus on margin and costs. By establishing itself as a bank, the Group will, for the first time, be on an equal footing with its competitors with regard to funding cost. We therefore see opportunity and do not expect the forecast lower economic growth in the UK to undermine our current strategy.

I was appointed to the Board on 6 December and assumed the role of Chairman on 8 December following the decision of David Anthony to step down after more than five years. David had meticulously overseen the year-on-year strengthening of the Group's balance sheet and growth in profitability and, having achieved all the key objectives which he had set with the management team in 2011, he felt that it was an appropriate juncture for a change in leadership. On behalf of the Board and staff, I would like to thank David for his contribution during his chairmanship and wish him well for the future.

I am delighted to be joining the Board of Private & Commercial Finance at this exciting stage of its development and am looking forward to leading and implementing the future strategy.

I have strong confidence in the management and staff and am certain they will continue to grow the business successfully using our banking status as a foundation.

T A Franklin
Chairman

25 January 2017

Strategic Report
for the 18 months ended 30 September 2016

Our Business

Private & Commercial Finance Group plc is the parent company of a group of specialist finance companies engaged in the provision of finance for vehicles, plant and equipment for consumers and businesses.

The Company was established in October 1993 and its shares were admitted to the Alternative Investment Market of the London Stock Exchange in September 1998. Over the last 23 years, the Group has grown both organically and by acquisition, helping over 60,000 customers with the finance of their vehicles and assets. Today, we have a portfolio of loans and finance receivables of £122 million (year ended 31 March 2015 – £100 million).

On 6 December 2016, a Group subsidiary was authorised as a bank by the Prudential Regulatory Authority and Financial Conduct Authority and we expect to commence banking activities in summer 2017.

We aim to serve our customers with fast and professional levels of customer service which set us apart from our competition.

We're big enough to be able to meet your needs, but small enough to retain the personal consideration that is key to our service. We pride ourselves on being professional and accessible, seeking out a solution for individuals and businesses where others might not think to look.

The Group has two operating divisions:

- Consumer Finance Division, which provides finance for motor vehicles to consumers; and
- Business Finance Division, which provides finance for vehicles, plant and equipment to SMEs.

Both divisions transact good quality, collateralised business which is processed through *eQuote*, the Group's internet-based proposal management system. *eQuote*, which is able to filter high volumes of proposals quickly and at low cost, enables us to send information and documentation to our customers, dealers and introducers electronically, therefore speeding up the application process.

The Group's risk philosophy is to:

- Finance vehicles and assets which have strong collateral characteristics and readily identifiable second-hand markets. As such, the Group's preference is to finance assets such as motor cars, light and heavy commercial vehicles, coaches, buses, manufacturing equipment and construction equipment;
- Have a wide spread of risk. At 30 September 2016 the Group had over 11,200 live agreements (year ended 31 March 2015 – 11,000) with an average outstanding balance of approximately £10,200 (year ended 31 March 2015 – £8,500);
- Avoid large concentrations of risk. At 30 September 2016 the largest exposure to any single customer was no greater than £700,000 (year ended 31 March 2015 – £620,000), representing 0.6% (year ended 31 March 2015 – 0.6%) of the portfolio of loans and receivables; and
- Avoid the sole use of credit scorecards and automated decision-making processes. Instead, our team of experienced underwriters use their skills and expertise to evaluate applications on a case-by-case basis, ensuring that the customer can afford the monthly payments on their finance with us. On larger transactions, we visit the customer to find out more about their business and investment plans. Our underwriting philosophy sets us apart from many of our competitors and helps to improve the customer's experience.

Flexible but responsible, we are committed to treating customers fairly every step of the way. This means you can trust us to give you straight-talking industry expertise, finance options that offer competitive rates and swift, but balanced, decision-making.

Consumer Finance Division

The Consumer Finance Division provides hire purchase finance to retail customers to help them acquire vehicles. Typically, this is for motor cars but we also have the specialist knowledge to enable us to finance classic cars and horseboxes.

'Helping you get the vehicle you need'

The average transaction size at inception is approximately £11,500 and we provide finance for terms up to 60 months.

Business Finance Division

The Business Finance Division provides hire purchase and lease finance to sole traders, partnerships and limited companies to help them acquire vehicles, plant and equipment. The assets which we finance include motor cars, light and heavy commercial vehicles, coaches, buses, manufacturing equipment and construction equipment. Approximately 81% of finance provided is in respect of a vehicle.

'Finance solutions that work for you'

The average transaction size at inception is approximately £26,000 and we provide finance for terms up to 60 months.

The Group's portfolio of loans and finance receivables is managed by our highly efficient and experienced in-house team supported by the Sopra Group's finance and lease management system, Instalment Credit and Collections Suite ('ICS').

As a result of our effective underwriting and collections processes, the percentage of agreements up to date across the Group is consistently high, 96% at 30 September 2016 (97% at 31 March 2015).

Private & Commercial Finance

Strategic Report

Chief Executive's Review

The Group continues to go from strength to strength after successfully putting in place the necessary ingredients for growth. The granting of a banking licence will be transformational for the business, providing a lower risk treasury model and a cheaper cost of funds.

Excellent profits growth

The Group's profit before tax for the 18 months ended 30 September 2016 was £5.1 million (year ended 31 March 2015 – £2.1 million), which, after adjusting to provide a 12 month comparative, represents 29% growth. We commented last year that portfolio growth would deliver the operational gearing necessary to increase profitability and this has again proved to be the case. The result delivers a significant improvement in the ROAA from 2.2% in the previous year to 3.1% in the current period.

Fully diluted earnings per share increased to 1.9p and fully diluted after tax return on equity increased to 13.9% (12 month comparative 1.6p and 12.9%).

Portfolio performance

The portfolio increased by 22% to £122 million in the period (year ended 31 March 2015 – £100 million). The quality of the portfolio continues to improve, with arrears and repossessions at low levels. This resulted in a further reduction in the loan loss provisioning charge to 1.0% in this period (12 month comparative – 1.2%).

The portfolio of £122 million is reported net of £28.2 million (year ended 31 March 2015 – £23.6 million) of unearned finance charges, which are attributable to future years.

Capital and funding

The Group has £174 million of committed loan facilities at its disposal, with undrawn headroom on these of £65 million. This is adequate for our portfolio growth plans in the current period and up until we commence taking retail deposits.

The capital base of the Group continues to strengthen and the gearing ratio stands at 4.1
(year ended 31 March 2015 – 4.0).

New business and the market

The Group originated a total of £100.4 million of new business advances in the period and for the 12 month comparative period we recorded an increase of 14%. New business originated with existing customers continues to be our single largest source of business, building on the growth we achieved in the previous year. At the same time, the credit quality of new business remains high with 55% of originations falling into our top two credit grades.

The Group will continue to look for ways of broadening its sources of business and routes to market in our two chosen market sectors and where we only have a small market share. The focus will be on the prime sector of our market.

Outlook and current developments

Achieving the strategic objective of a banking licence will provide both a diversification in funding and an ability to grow the portfolio beyond the capabilities of our current debt facilities. Deposits will also provide a reduced cost of funds and will enable us to access new segments within our chosen markets as well as be more profitable in our existing ones. We would also expect customer retention to improve further, while the ability to grow our portfolio means we will continue to see the benefits of operational gearing. The Group has invested considerable time and cost in this project and is well advanced in the mobilisation of the bank. We expect to commence deposit taking in summer 2017.

We look forward to the year ahead with considerable optimism.

S D Maybury
Chief Executive

25 January 2017

Key performance indicators

	Group		
	Audited 18 months ended 30 September 2016	Unaudited pro forma 12 months ended 30 September 2016	Audited year ended 31 March 2015
New business originations	£100.4m	£59.9m	£56.0m
Loans and receivables portfolio	£122.0m	£108.0m	£99.8m
Profit before taxation	£5.13m	£2.80m	£2.10m
Return on average assets	3.1%	2.7%	2.2%
Fully diluted after tax return on equity	13.0%	12.9%	10.4%

Principal risks and uncertainties

Credit risk

Credit risk is the risk that a borrower fails to pay the interest or to repay the capital on the Group's loans and receivables. The Group is exposed to the risk that customers owing the Group money will not fulfil their obligations. The Group regularly reviews its lending criteria as well as its credit exposure to all customers. However, default risk may arise from events which are outside the Group's control, primarily customer under-performance due to factors such as loss of employment, family circumstances, illness, business failure, adverse economic conditions or fraud.

The successful management of credit risk is central to the Group's business. The majority of the Group's lending is secured and amortised over the life of the assets. The credit risk from concentration is limited due to the relatively low value of each customer's debt and to the Group's large and diverse customer base. In order to ensure that arrears are minimised, emphasis is placed on retaining a diversified portfolio, using prudent underwriting methods and resisting the inclination to increase credit risk in the quest for increased volumes of new business. The Group's risk management strategy is to avoid business activities that are not aligned to its risk appetite or that do not provide the appropriate balance of risk and reward.

The counterparties to the Group's financial liabilities are financial institutions. Credit risk represents operational disruption if counterparties are unable to perform completely as contracted. It is the Group's policy to monitor the financial standing of these counterparties on an on-going basis and the exposure to any individual counterparty. The Group's financial asset exposure to these counterparties is limited to derivatives and cash at bank.

Inadequate security

The Group is exposed to the risk that the security upon which it makes advances may reduce in value, so that the Group may not recover some or all of its advances in the event of a customer default. This risk is mitigated by maintaining a diverse portfolio of customers, spreading risk across a variety of assets and sectors, lending for a period of time appropriate to the assets' lives, financing assets with strong collateral characteristics and forming detailed assessments on both the value of the security and the customer's ability to service the debt. Specialist third party asset and vehicle valuations are obtained, where considered necessary.

Liquidity risk management

Liquidity risk is the risk that the Group is not able to fund asset growth or meet its obligations as they come due without adversely affecting its financial health. The Group is exposed to liquidity risk due to the need to fund its lending operations. The Group funds itself through bi-lateral facilities with UK and international banks and finance houses with original maturities of up to five years. The Group has a successful track record in fund-raising and equity placements.

Strategic Report

Interest rate risk management

Interest rate risk is the risk that the Group's interest margin or economic value of equity is impaired due to unfavourable changes in interest rates. All the Group's loans and receivables are at fixed rates over the term of the contract and it has funding facilities from banks and finance houses that are at fixed and floating rates. Interest rate swaps are used, to the extent considered appropriate, to reduce interest rate fluctuations on floating rate borrowings. To the extent that the Group's loans and receivables are not matched by borrowings at fixed rates or by interest rate swaps, the Group has risk from changes in market interest rates. It is, and has been throughout the period, the Group's policy that no trading in financial instruments shall be undertaken. The Group does not operate in, nor has exposure to, currencies other than Pounds Sterling.

Capital management

The Group's objective is to maintain a strong capital base to support its current operations in line with relevant forecasts. Capital base for these purposes comprises shareholders' equity less the hedging reserve and at 30 September 2016 amounted to £25.1 million (year ended 31 March 2015 – £12.0 million). The Group is not currently subject to external regulatory capital requirements. However, the granting of a banking licence will change this in future periods. It is, however, required within certain of its subsidiaries' borrowing facilities to maintain a ratio of borrowings to net worth. The Group complied with these ratios throughout the period.

Funding

The Group's financial instruments include borrowings, derivatives, convertible loan notes and overdraft facilities. The main purpose of these financial instruments is to raise finance to fund the Group's principal activities. Continued, sustainable growth is dependent on the Group seeking further debt facilities or increases to those already in place. However, the Group has adequate facility headroom for the current period and will continue to source new facilities and funding relationships.

Regulatory risk

Regulatory risk is the risk that the Group is exposed to fines, censure, or legal or enforcement action, due to failure to comply with applicable laws, regulations, codes of conduct or legal obligations. The Group is subject to legislative and regulatory change within the consumer credit sector, as supervised by the FCA, and has zero risk appetite for material regulatory breaches. To achieve this, the Group has policies, processes and standards which provide a framework for the business and employees to operate in accordance with applicable laws, regulations, codes of conduct and legal obligations.

The main risks arising from the Group's financial instruments are detailed in note 21 to the Financial Statements.

Conduct risk

Conduct risk is the risk of customer detriment or regulatory censure and/or a reduction in earnings value, through financial or reputational loss, from inappropriate or poor customer treatment or business conduct. The Group is exposed to the risk that its behaviours, culture and governance result in poor customer outcomes. The Group has clear policies and procedures with respect to Treating Customers Fairly and mitigating conduct risk, and ensures that the culture of the organisation delivers a fair outcome for its customers.

Approved by order of the Board on 20 January 2017.

Directors' Report

for the 18 months ended 30 September 2016

The directors present their report and audited financial statements for the 18 months ended 30 September 2016.

Results and dividends

The Group profit for the period before taxation was £5,126,536 (year ended 31 March 2015 – £2,099,451). The taxation charge for the period was £1,105,780 (year ended 31 March 2015 – £485,662).

The directors recommend the payment of a final dividend of 0.1p per share for the period (year ended 31 March 2015 – £nil).

Financial highlights		Group	
	Audited 18 months ended 30 September 2016 £'000	Unaudited pro forma 12 months ended 30 September 2016 £'000	Audited year ended 31 March 2015 £'000
Turnover	**77,816**	55,768	45,293
Gross profit	**23,097**	15,663	13,447
Profit before taxation	**5,128**	3,602	2,099
Loans and receivables			
(net of unearned income and impairment charges)	**121,960**	121,960	99,829
Shareholders' equity	**24,707**	24,707	11,858
Net assets per share (undiluted)	**15.5p**	15.5p	22.3p

Principal activities

The Group's principal activities are the purchase, hire, financing and sale of vehicles and equipment and the provision of related fee-based services. The Group will continue to administer its portfolio of financial assets to improve profitability for both its Consumer Finance and Business Finance Divisions.

Directors and their interests

The directors of the Company during the period were those listed on page 3.

The directors' interests in the shares of the Company, all of which were beneficial interests, at 30 September 2016 are listed below.

	At 30 September 2016 No. of ordinary shares of 5p each	At 31 March 2015 No. of ordinary shares of 5p each
A N Nelson	**1,656,543**	1,656,543
S D Maybury	**1,600,006**	1,600,006
R J Murray	**998,340**	998,340
D G Anthony	**1,007,703**	936,275
D R Bull	**165,038**	–

The following directors also held options in the Company share option plans as listed below. Further details are provided in note 7.

	At 30 September 2016 No. of ordinary shares of 5p each subject to option	At 31 March 2015 No. of ordinary shares of 5p each subject to option
S D Maybury	**1,140,000**	700,000
R J Murray	**770,000**	500,000
D R Bull	**400,000**	–
Z R Kerse	**–**	500,000

The Company's Articles of Association permit it to indemnify directors in accordance with the Companies Act.

Directors' Report

Substantial shareholdings

At 30 September 2016 the Company had been notified of the following interests of 3% or more in its issued ordinary share capital.

	Percentage
Bermuda Commercial Bank Limited	72.62

Statement of going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Financial Statements. The Group's policies and processes for managing its capital are described in the Strategic Report. Details of the Group's financial risk management objectives, its financial instruments and hedging activities and its exposures to credit risk and liquidity risk are also set out in the notes to the Financial Statements.

The directors have completed a formal assessment of the Group's financial resources including the forecasts. Based on this review, the directors believe that the Group is well placed to manage its business risks successfully within the expected economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Corporate governance

The Company has had non-executive directors since May 1995. Meetings of the board of directors are held at least nine times a year. The Board has adopted the requirements of the 'Corporate Governance Code for Small and Mid-Size Quoted Companies' published by the Quoted Companies Alliance to the extent that it considers it appropriate and having regard to the Company's size and nature.

The Audit Committee consists of Timothy Franklin (Chairman), David Morgan, Anthony Nelson, Andrew Brook and Mark Brown. The Audit Committee meets twice a year and is responsible, *inter alia*, for ensuring that the financial performance of the Group is properly reported and monitored and also for meeting the external auditors and reviewing the reports from the auditors in relation to the Financial Statements and internal control systems.

The Remuneration Committee consists of Anthony Nelson (Chairman), Timothy Franklin, David Morgan, Andrew Brook and Mark Brown. The Remuneration Committee is responsible, *inter alia*, for reviewing the performance of the executive directors and for setting the scale and structure of their remuneration and the basis of their service contracts, bearing in mind the interests of shareholders. The Remuneration Committee also determines the overall level of the allocation of share options to employees under the Company Share Option Plans.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Group Financial Statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors must not approve the Group Financial Statements unless they are satisfied they present fairly the financial position, financial performance and cash flows of the Group for that period. In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' and then apply them consistently;
- 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 is 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
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the Financial Statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group Financial Statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Reappointment of auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

R J Murray
Director and Secretary

25 January 2017

Independent Auditor's Report

to the members of Private & Commercial Finance Group plc

We have audited the Financial Statements of Private & Commercial Finance Group plc for the 18 months ended 30 September 2016 which comprise the Group Income Statement and Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group and Company Statement of Cash Flows and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the Group and Company 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 Group and Company Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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. 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.

Opinion on the Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and the Company's affairs at 30 September 2016 and of the Group's profit for the period then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company Financial Statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael-John Albert (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

25 January 2017

Group Income Statement

for the 18 months ended 30 September 2016

	Note	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Group turnover	2	**77,816**	45,293
Cost of sales	3	**(54,719)**	(31,846)
Gross profit		**23,097**	13,447
Administration expenses		**(10,429)**	(6,686)
Operating profit		**12,668**	6,761
Interest receivable		**4**	4
Interest payable	4	**(7,544)**	(4,666)
Profit on ordinary activities before taxation	5	**5,128**	2,099
Income tax expense	6	**(1,107)**	(485)
Profit on ordinary activities after taxation	19	**4,021**	1,614
Profit for the period attributable to equity holders		**4,021**	1,614
Earnings per 5p ordinary share – basic	8	**2.5p**	3.0p
Earnings per 5p ordinary share – diluted	8	**1.9p**	1.3p

Group Statement of Comprehensive Income

for the 18 months ended 30 September 2016

	Note	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Profit for the period		**4,021**	1,614
Other comprehensive income that may be reclassified to the income statement in subsequent periods			
Cash flow hedges – fair value losses	21	**(311)**	(303)
Income tax effect	6	**91**	63
	19	**(220)**	(240)
Total comprehensive income for the period		**3,801**	1,374

Group and Company Balance Sheets
at 30 September 2016

		Group		Company	
	Note	30 September 2016 £'000	31 March 2015 £'000	30 September 2016 £'000	31 March 2015 £'000
Non-current assets					
Goodwill	10	**397**	397	**–**	–
Other intangible assets	11	**367**	514	**367**	514
Investment in subsidiary undertakings	9	**–**	–	**1,000**	1,000
Property, plant and equipment	12	**147**	105	**147**	105
Loans and receivables	13	**80,997**	63,680	**3,500**	3,500
Deferred tax	20	**1,424**	1,694	**89**	60
		83,332	66,390	**5,103**	5,179
Current assets					
Loans and receivables	13	**40,963**	36,149	**9,068**	9,598
Trade and other receivables	14	**503**	1,134	**463**	280
Cash and cash equivalents		**5,904**	139	**769**	–
		47,370	37,422	**10,300**	9,878
Total assets		**130,702**	103,812	**15,403**	15,057
Current liabilities					
Interest-bearing loans and borrowings	16	**19,317**	10,733	**956**	–
Trade and other payables	15	**1,908**	1,643	**967**	857
Derivative financial instruments		**52**	22	**–**	–
Corporation Tax		**291**	176	**–**	–
Bank overdrafts	16	**–**	703	**–**	11
		21,568	13,277	**1,923**	868
Non-current liabilities					
Derivative financial instruments		**439**	156	**–**	–
Interest-bearing loans and borrowings	16	**83,988**	78,521	**–**	9,763
		84,427	78,677	**–**	9,763
Total liabilities		**105,995**	91,954	**1,923**	10,631
Net assets		**24,707**	11,858	**13,479**	4,426
Capital and reserves					
Issued share capital	18	**7,956**	2,656	**7,956**	2,656
Share premium	19	**174**	4,398	**174**	4,398
Capital reserve	19	**–**	3,873	**–**	3,873
Other reserves	19	**(373)**	(127)	**–**	–
Own shares	19	**(305)**	(305)	**(305)**	(305)
Profit and loss account	19	**17,255**	1,363	**5,654**	(6,196)
Shareholders' equity		**24,707**	11,858	**13,479**	4,426

The financial statements were approved and authorised for issue by the board of directors on 20 January 2017.

Signed on behalf of the board of directors by:

S D Maybury
Director

D R Bull
Director

Group and Company Statements of Changes in Equity

for the 18 months ended 30 September 2016

	Group		Company	
	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Total comprehensive income for the period	**3,801**	1,374	**5**	(437)
New share capital subscribed	**9,011**	8	**9,011**	8
Share-based payments	**37**	14	**37**	14
Issue of own convertible debt	**–**	50	**–**	50
Net addition to shareholders' equity	**12,849**	1,446	**9,053**	(365)
Opening shareholders' equity	**11,858**	10,412	**4,426**	4,791
Closing shareholders' equity	**24,707**	11,858	**13,479**	4,426

Group and Company Statements of Cash Flows

for the 18 months ended 30 September 2016

	Note	Group 18 months ended 30 September 2016 £'000	Group Year ended 31 March 2015 £'000	Company 18 months ended 30 September 2016 £'000	Company Year ended 31 March 2015 £'000
Cash flows from operating activities					
Profit/(loss) before taxation		**5,128**	2,099	**(4)**	(553)
Adjustments for:					
Amortisation of other intangible assets	11	**284**	184	**284**	–
Amortisation of issue costs		**204**	136	**204**	136
Depreciation	12	**57**	29	**57**	–
Share-based payments		**37**	14	**37**	14
Fair value movement on derivative financial instruments	4	**(2)**	(18)	**–**	–
(Increase)/decrease in loans and receivables		**(22,131)**	(11,174)	**530**	668
Decrease/increase) in trade and other receivables		**631**	(203)	**(183)**	(113)
Increase in trade and other payables		**279**	331	**110**	410
Cash flows used in operating activities		**(15,513)**	(8,602)	**1,036**	562
Tax (paid)/received		**(640)**	35	**(19)**	–
Net cash flows used in operating activities		**16,153**	(8,567)	**1,017**	562
Cash flows from investing activities					
Purchase of property, plant and equipment	12	**(99)**	(83)	**(99)**	(105)
Proceeds from sale of property, plant and equipment		**–**	33	**–**	–
Purchase of other intangible assets	11	**(138)**	(52)	**(138)**	(514)
Net cash flows used in investing activities		**(237)**	(102)	**(237)**	(619)
Cash flows from financing activities					
Issue of own convertible debt		**–**	50	**–**	50
Proceeds from borrowings		**51,608**	8,842	**–**	–
Repayments of borrowings		**(28,750)**	(741)	**–**	–
Net cash flows from financing activities		**22,858**	8,151	**–**	50
Net increase/(decrease) in cash and cash equivalents		**6,468**	(518)	**780**	(7)
Cash and cash equivalents at beginning of the period		**(564)**	(46)	**(11)**	(4)
Cash and cash equivalents at end of the period		**5,904**	(564)	**769**	(11)
Cash at bank		**5,904**	139	**770**	–
Bank overdrafts	16	**–**	(703)	**–**	(11)
		–	(564)	**770**	(11)
The amount of interest paid during the period		**7,511**	4,694	**358**	598

Private & Commercial Finance

Notes to the Financial Statements

for the 18 months ended 30 September 2016

1 Accounting policies

General information

Private & Commercial Finance Group plc ('the Company') is a public company domiciled in the United Kingdom. Its ordinary shares are listed on the Alternative Investment Market ('AIM') of the London Stock Exchange. The Group Financial Statements for the 18 months ended 30 September 2016 were authorised for issue in accordance with a resolution of the board of directors on 20 January 2017.

Basis of preparation

These Financial Statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, interpretations issued by the International Accounting Standards Board ('IASB') and the Companies Act 2006.

The Financial Statements have been prepared under the historical cost convention, modified to include the mark-to-market valuation of derivatives and in accordance with applicable accounting standards. The Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year except that the Group has adopted all standards, amendments and interpretations which became effective during the period. The adoption of these standards, amendments and interpretations did not have any effect on the financial position or performance of the Group but have resulted in additional disclosures.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of Private & Commercial Finance Group plc and all of its subsidiary undertakings, of which there were eleven at 30 September 2016 (thirteen at year ended 31 March 2015). The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent undertaking, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions which are recognised in assets or liabilities, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

No income statement is presented for Private & Commercial Finance Group plc as permitted by section 408 of the Companies Act 2006. Of the profit for the financial period, a loss of £19,748 (year ended 31 March 2015 – loss of £439,410) was attributable to the Company.

Significant accounting judgments, estimates and assumptions

The preparation of Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors which are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS which have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment within the next financial year are provided below.

Interest income

Interest income is recognised for all financial assets measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over its expected life.

The Group reviews the expected remaining life of all financial assets measured at amortised cost at each reporting date and where there is a change in those estimates, it makes an adjustment so that income continues to be recognised at the effective interest rate.

Impairment of goodwill

The Group determines whether goodwill is impaired on at least an annual basis. The carrying amount of goodwill at 30 September 2016 was £397,149 (year ended 31 March 2015 – £397,149). Further details are provided in note 10.

Loan loss provisioning

The Group reviews its loans and receivables on an on-going basis to assess the level of impairment. Future cash flows are estimated on the basis of the contractual cash flows of the assets and historical loss experience. Historical loss experience is adjusted on the basis of current observable data to reflect the effect of current conditions, which did not affect the period on which the historical loss experience is based, and to remove the effect of conditions in the historical period which do not exist currently. The carrying amount of loans and receivables at 30 September 2016 was £121,959,268 (year ended 31 March 2015 – £99,828,796). Further details are provided in note 13.

Property, plant and equipment

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the useful life of the assets, as follows:

Computer hardware	–	3 to 10 years
Office equipment, fixtures and fittings	–	5 years
Operating lease equipment	–	1 to 10 years

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognised.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are initially recognised at cost. The Company recognises income from the investment only to the extent that it receives distributions from post-acquisition accumulated profits. Distributions received in excess of such profits are regarded as a recovery of investment and recognised as a reduction in the cost of the investment.

At each reporting date an assessment is made as to whether there is any indication that the investment may be impaired. If such an indication exists, the Company estimates the investment's recoverable amount. The investment is written down to the recoverable amount if this is lower than its carrying value. The impairment loss is recognised in the Company's income statement.

1 Accounting policies (continued)

Borrowing costs

Borrowing costs are recognised as an expense when incurred in accordance with the effective interest rate method.

Intangible assets

Goodwill

Goodwill arising on acquisition represents the excess of the cost of a business combination over the fair values of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but is reviewed at least annually for impairment. For the purpose of impairment testing, goodwill is allocated to each Cash Generating Unit ('CGU'). Each CGU is consistent with the Group's primary reporting segments. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Computer software

Acquired software and subsequent enhancements are capitalised as intangible assets and amortised over their useful lives (3 to 10 years) on a straight-line basis. All other software development and maintenance costs are recognised as an expense as incurred. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Impairment of non-financial assets

At each reporting date an assessment is made as to whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount and a previously recognised impairment is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Financial assets

The Group classifies its financial assets as either loans and receivables or derivative financial instruments used for hedging. In accordance with IAS 17 'Leases', leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. All other leases are treated as finance leases within loans and receivables. As at 30 September 2016, there were no operating leases held by the Group, only finance leases.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

Conditional sale agreements, hire purchase contracts and finance leases are initially recognised at the lower of fair value of the leased asset or the present value of the minimum lease payments. These loans and receivables are subsequently measured at an amount equal to the net investment in the contract, less any provision for impairment. Other loans and receivables, including personal loans, are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

The Group has not held any financial assets at fair value through profit or loss, held to maturity or available for sale during the period.

Impairment of financial assets

The Group assesses, on an on-going basis, whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of a loan loss provision. The amount of the loss is recognised in the income statement as loan loss provisioning charge.

The Group first assesses whether objective evidence of impairment exists individually for financial assets which are individually significant and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Future cash flows for a group of loan assets that are collectively evaluated for impairment are estimated on the basis of contractual cash flows and historical loss experience for assets with similar credit characteristics.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Treasury shares

Own equity instruments which are re-acquired treasury shares and convertible debt are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and at hand and short-term deposits with an original maturity of three months or less. For the purpose of the Group Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the amortisation process.

Convertible debt

The component of the convertible debt which exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. The coupon on the debt is charged as interest expense in the income statement. On issuance of the convertible debt, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. If redeemed, the Company makes payment to the owner of the convertible debt for the original carrying value, net of issue costs, removing the liability from the balance sheet. No further interest is payable on the convertible debt once redeemed and the debt can no longer be converted to equity in the Company. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible debt based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

1 Accounting policies (continued)

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the asset have expired or where the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Issue costs

The costs of issue of share capital are offset against the share premium reserve created at the time of issue. If there is insufficient premium arising on the issue, the costs would be offset against any pre-existing share premium. The costs of issue of the convertible debt are offset against the financing on origination and are subsequently amortised over the term.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Short-term benefits

Wages, salaries, commissions, bonuses, social security contributions, paid annual leave and non-monetary benefits, including death-in-service premiums, are accrued in the period in which the associated services are rendered by employees of the Group.

Pensions

Permanent staff are eligible for a contribution by the Company to their personal pension schemes equal to a fixed percentage of the staff member's basic salary. The cost to the Company is charged to the income statement as incurred and is disclosed in note 7 of the Financial Statements.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either the termination of employment or a voluntary redundancy offer.

Share-based payment transactions

The Company operates an approved and an unapproved equity-settled share option plan for its employees. For awards granted after 7 November 2002 (and not vested by 1 January 2006) and in accordance with IFRS 2 'Share-based payment', an expense is recognised in respect of the fair value of employee services received in exchange for the grant of share options. A corresponding amount is recorded as an increase in equity within retained earnings. The expense is spread over the relevant vesting period and is calculated by reference to the fair value of the share options granted.

In arriving at fair values, the Black-Scholes pricing model is used and estimates are made of dividend yields, share price volatility, risk-free rates and expected life of the share options.

Operating leases

Group as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. The following criteria must also be met:

Interest income

Interest income is recognised in the income statement for all financial assets measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the contractual life, or expected life, if shorter, of the financial asset to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments, such as early settlement options, but does not include an expectation for future credit losses. The calculation includes all fees charged to customers, such as acceptance or similar fees, and direct and incremental transactions costs, such as broker commissions.

Finance income in respect of conditional sale agreements, hire purchase contracts and finance leases is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment, before tax, outstanding in respect of the contract.

Insurance commission

Commission received from third party insurers for all insurance broking business, for which the Group does not bear any underlying insurance risk, is credited to the income statement at inception of the policies.

Other income

Other income includes fees and commissions charged to customers and third parties for the collection of debts and fees charged for other services, which are credited to the income statement when the service has been provided.

Taxes

Current tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates of tax that have been enacted, or substantively enacted, by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Deferred tax is determined using tax rates and laws which have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

1 Accounting policies (continued)

Taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of the deferred tax asset in respect of tax losses at 30 September 2016 was £nil (year ended 31 March 2015 – £nil) and the unrecognised deferred tax asset at 30 September 2016 was £2,431 (year ended 31 March 2015 – £24,517). Further details are provided in note 20.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax ('VAT')

Revenues, expenses and assets are recognised net of the amount of VAT except in the case of overdue loans and receivables, other receivables and other payables which are shown inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the balance sheet.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its exposure to interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the period which do not qualify for hedge accounting are taken directly to the income statement.

The fair value of interest rate swap contracts is determined by discounted cash model analysis with reference to relevant market interest rates and yield curves.

The Group uses cash flow hedges when hedging exposure to variability in cash flows which is attributable to a particular risk associated with a recognised asset or liability. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

- the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst any ineffective portion is recognised immediately in the income statement;
- amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs; and
- if the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Future changes in accounting policies

The following accounting standards, amendments and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee are effective for the Group's accounting periods beginning on or after 1 April 2015.

	Effective from
• IFRS 2 (amendment) 'Share Based Payments'	1 January 2018
• IFRS 9 'Financial Instruments'	1 January 2018
• IFRS 11 (amendment) 'Joint Arrangements'	1 January 2016
• IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
• IAS 7 (amendment) 'Disclosure Initiative'	1 January 2017
• IAS 12 (amendment) 'Recognition of Deferred Tax Asset for Unrecognised Losses'	1 January 2017
• IAS 16 (amendment) 'Property Plant and Equipment'	1 January 2016
• IAS 38 (amendment) 'Intangible Assets'	1 January 2016

IFRS 9 is replacing the 'incurred loss' approach of IAS 39 to impairment with a new 'expected loss' model. The Group expects an impact on its equity and annual impairment charge due to the nature of its loans and receivables, but will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, to determine the extent of the impact. Other than IFRS 9, adoption of these standards and interpretations is not expected to have a material impact on the Group or Company Financial Statements.

Notes to the Financial Statements

2 Turnover and segmental analysis

Turnover represents gross rental and instalment credit income from the hire, financing and sale of equipment, and the provision of related fee-based services, stated net of VAT.

The Group operates in the principal areas of consumer finance for motor vehicles and business finance for vehicles, plant and equipment. Segment assets include loans and receivables, trade and other receivables, cash and cash equivalents and tax assets. Segment liabilities comprise trade and other payables, derivative financial instruments, tax liabilities and certain borrowings that can be attributed to the segment but exclude borrowings that are for general corporate purposes.

No geographical analysis is presented because the Group only operates within the United Kingdom.

Turnover, profit on ordinary activities before taxation and assets and liabilities are analysed in the following tables.

18 months ended 30 September 2016	Consumer finance £'000	Business finance £'000	Central £'000	Total £'000
Group				
Turnover	40,891	36,925	–	77,816
Profit on ordinary activities before taxation	2,695	2,433	–	5,128

Year ended 31 March 2015	Consumer finance £'000	Business finance £'000	Central £'000	Total £'000
Group				
Turnover	24,270	21,023	–	45,293
Profit/(loss) on ordinary activities before taxation	1,624	1,087	(612)	2,099

18 months ended 30 September 2016	Consumer finance £'000	Business finance £'000	Central £'000	Total £'000
Group				
Total assets	95,565	35,137	–	130,702
Total liabilities	77,545	28,450	–	105,995
Other segment items				
Interest payable	(3,964)	(3,580)	–	(7,544)
Loan loss provisioning charge	(1,036)	(550)	–	(1,586)
Income tax expense	(582)	(525)	–	(1,107)

Year ended 31 March 2015	Consumer finance £'000	Business finance £'000	Central £'000	Total £'000
Group				
Total assets	63,982	38,979	851	103,812
Total liabilities	54,459	29,930	7,565	91,954
Other segment items				
Interest payable	(2,501)	(1,567)	(598)	(4,666)
Loan loss provisioning charge	(1,060)	(486)	–	(1,546)
Income tax expense	(341)	(237)	93	(485)

3 Cost of sales

Cost of sales represents the amortisation of finance leases and instalment credit contracts (the difference between gross rental and income recognised, in accordance with note 1) and the depreciation of operating lease assets.

4 Interest payable

	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Interest-bearing loans and borrowings and bank overdrafts	**(7,546)**	(4,684)
Fair value movements on derivative financial instruments	**2**	18
	(7,544)	(4,666)

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after crediting/(charging):

(a) **Finance revenue**

	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Net income from finance leases	**4,806**	3,199
Net income from instalment credit contracts	**18,133**	10,219
Insurance commission and other income	**158**	29
Gross profit	**23,097**	13,447

(b) **Other revenue and expenses**

	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Included in administration expenses:		
Loan loss provisioning charge	**(1,586)**	(1,546)
Depreciation of property, plant and equipment	**(57)**	(29)
Operating lease rentals payable	**(324)**	(53)
Amortisation of other intangible assets	**(285)**	(184)
Auditors' remuneration		
– audit of the Group and Company Financial Statements	**(68)**	(60)
– audit of the Company's subsidiaries' Financial Statements	**(70)**	(65)
– other services relating to taxation	**(34)**	(53)

Notes to the Financial Statements

6 Taxation

(a) Analysis of tax charge in the period

	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Current tax		
UK Corporation Tax on profit of the period	**(776)**	(284)
Adjustments in respect of prior periods	**1**	8
Total current tax	**(775)**	(276)
Deferred tax		
Origination and reversal of temporary differences	**(261)**	(189)
Adjustments in respect of prior periods	**–**	(9)
Change in tax rate	**(71)**	(11)
Total deferred tax	**(332)**	(209)
Total tax charge for the period	**(1,107)**	(485)

(b) Deferred tax on items recognised directly in equity

	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Relating to cash flow hedges	**86**	63
Change in tax rate	**5**	–
	91	63

(c) Factors affecting current tax charge for the period

The tax assessed for the period differs from the standard rate of Corporation Tax in the UK of 20% (year ended 31 March 2015 – 21%). The differences are explained below.

At Summer Budget 2015, the UK Government announced legislation setting the Corporation Tax main rate from 20% to 19% for the years starting 1 April 2017, 2018 and 2019 which has been reflected in the amount of the recognised deferred tax asset.

At Budget 2016, the UK Government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. However, this has not impacted the amount of the recognised deferred tax asset.

	18 months ended 30 September 2016 £'000	Year ended 31 March 2015 £'000
Profit on ordinary activities before tax	**5,128**	2,099
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 20% (year ended 31 March 2015 – 21%)	**(1,025)**	(441)
Effects of:		
Expenses not deductible for taxation purposes	**(13)**	(33)
Adjustments in respect of prior periods	**1**	(1)
Change in tax rate	**(71)**	(11)
Utilisation of previously unrecognised losses	**1**	1
Total tax charge for the period	**(1,107)**	(485)

7 Directors' remuneration and staff costs

The aggregate payroll costs of the Group (including directors and Chairman) were:

	30 September 2016 £'000	31 March 2015 £'000
Salaries and fees	**3,598**	1,979
Social security costs	**473**	213
Pension costs	**155**	124
Share-based payments	**37**	14
	4,262	2,330

The average monthly number of persons employed by the Group was:

	2016 No.	2015 No.
Directors and administration	**7**	7
Consumer finance	**20**	20
Business finance	**18**	17
	45	44

Directors' remuneration

	Salary and fees £'000	Bonus £'000	Benefits in kind £'000	Pension contributions £'000	30 September 2016 £'000	31 March 2015 £'000
Executive directors						
S D Maybury	229	186	1	19	**435**	178
R J Murray	201	95	2	20	**318**	159
D R Bull	173	92	1	13	**279**	–
Z R Kerse	50	–	–	5	**55**	139
Non-executive directors						
D G Anthony	43	–	–	–	**43**	24
D J Morgan	29	–	–	–	**29**	15
A N Nelson	32	–	–	–	**32**	17
N P D Winks	12	–	–	–	**12**	15
A J Brook	17	–	–	–	**17**	–
M F Brown	17	–	–	–	**17**	–
	803	373	4	57	**1,237**	547

There are three directors receiving company contributions to personal pension schemes (31 March 2015 – three).

Notes to the Financial Statements

7 Directors' remuneration and staff costs (continued)

Share-based payments

Company equity-settled share option plans

The grant price is determined by reference to the average mid-market price of the Company's ordinary shares for the three days immediately preceding the date of the grant. The options are conditional on continued employment and have a minimum vesting period of three years. If options remain unexercised after a period of ten years from the date of the grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest. The weighted average remaining contractual life is fifteen years (31 March 2015 – nine years).

	Group 30 September 2016 No.	Weighted average exercise price (pence)	Group 31 March 2015 No.	Weighted average exercise price (pence)
Outstanding at the beginning of the period	**1,700,000**	**9**	941,500	27
Granted during the period	**1,410,000**	**20**	850,000	10
Expired during the period	**(500,000)**	**9**	(91,500)	43
Outstanding at the end of the period	**2,610,000**	**15**	1,700,000	9
Exercisable at the end of the period	**–**	**–**	–	–

The fair value was measured at the grant date using the Black-Scholes model. The inputs were as follows:

Grant date	22 June 2015	4 August 2015	25 January 2016	15 July 2016	28 September 2016
Share price at grant date	18.5p	17.6p	21.2p	25.9p	26.6p
Exercise price	18.5p	17.6p	21.2p	25.9p	26.6p
Shares under option	600,000	300,000	510,000	210,000	50,000
Vesting period	3 – 10 years	3 – 10 years	3 – 10 years	3 – 10 years	3 – 10 years
Expected volatility	30%	30%	30%	30%	30%
Expected life	6.5 years	6.5 years	6.5 years	6.5 years	6.5 years
Risk-free rate	0.5%	0.5%	0.5%	0.5%	0.5%
Expected dividends	nil	nil	nil	nil	nil
Fair value per model at grant date	5.7p	5.5p	6.6p	8.0p	8.1p

Grant date	3 December 2013	10 June 2014
Share price at grant date	8.5p	9.6p
Exercise price	8.5p	9.6p
Shares under option	850,000	850,000
Vesting period	3 – 10 years	3 – 10 years
Expected volatility	30%	30%
Expected life	6.5 years	6.5 years
Risk-free rate	0.5%	0.5%
Expected dividends	nil	nil
Fair value per model at grant date	2.6p	3.0p

The expected volatility is based on historical volatility over a period consistent with the expected option life. The risk-free rate is based on UK Government bonds.

8 Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on profit after taxation of £4,020,756 for the period (31 March 2015 – £1,613,789) on 160,168,597 (31 March 2015 – 53,066,335) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per ordinary share is based on profit after taxation of £4,466,903 for the period (31 March 2015 – £2,193,948), before deducting interest on the convertible loan notes of £446,147 (31 March 2015 – £580,159), on 229,492,466 (31 March 2015 – 170,378,206) ordinary shares, being the dilutive weighted average number of ordinary shares in issue during the period.

	30 September 2016 No. of ordinary shares of 5p each	31 March 2015 No. of ordinary shares of 5p each
Basic weighted average number of shares	**160,168,597**	53,066,335
Effect of dilutive convertible loan notes	**69,323,869**	117,311,871
Dilutive weighted average number of shares	**229,492,466**	170,378,206

9 Investments

Company

The subsidiary undertakings of Private & Commercial Finance Group plc at 30 September 2016, all of which are incorporated and operate in the United Kingdom and are registered in England and Wales, were as follows:

Name of company	Proportion held	Nature of business
PCF Group Holdings Limited	100%	Holding Company
AMC Trust Limited	100%*	Holding Company
PCF Group Limited	100%*	Holding Company
Private and Commercial Finance Company Limited	100%*	Instalment credit
PCF Asset Finance Limited	100%*	Hire purchase
PCF Business Finance Limited	100%*	Hire purchase
PCF Leasing Limited	100%*	Leasing
PCF Credit Limited	100%*	Leasing
PCF Portfolio Management Limited	100%*	Dormant
PCF Equipment Leasing Limited	100%*	Dormant
PCF Financial Leasing Limited	100%*	Dormant

*Held by a subsidiary of the Company

In the period, Henry Butcher Industrial Finance Limited and TMV Finance Limited both had their investments written off and both companies were struck off. There was also an application made to strike off PCF Portfolio Management Limited. This application was accepted and the Company was dissolved on the 27th December 2016.

All the companies have an Accounting Reference Date of 30 September.

Notes to the Financial Statements

9 Investments (continued)

	Investment in subsidiary undertakings 30 September 2016 £'000	Investment in subsidiary undertakings 31 March 2015 £'000
Cost and net book value:		
At 1 April 2015 and 30 September 2016	**1,000**	1,000

The Company has an investment in PCF Group Holdings Limited. The net asset value of PCF Group Holdings Limited at 31 March 2016 was £1,118,063 (31 March 2015 – £757,063). If the investment had been sold at this valuation, any potential capital gains arising on the sale would have been exempt under the substantial shareholdings legislation. If the disposal had given rise to a loss, the loss would not be an allowable loss for tax purposes.

It is the opinion of the directors that the recoverable amount of the Company's investment in PCF Group Holdings Limited is not less than the amount at which it is stated in the Company's Financial Statements.

10 Goodwill

	30 September 2016 £'000	31 March 2015 £'000
Cost and net book value:		
At 1 April 2015 and 30 September 2016	**397**	397

Goodwill relates entirely to the Group's Consumer Finance Division and arises from the acquisition of a subsidiary company in November 2000. There has been no impairment to goodwill in the current or prior period as the underlying net assets of Private and Commercial Finance Company Limited and the Consumer Finance Division business in PCF Credit Limited are sufficient to cover the carrying value of the goodwill, and there is no indication of impairment.

11 Other intangible assets

Other intangible assets are comprised solely of computer software.

Group and Company	30 September 2016 £'000	31 March 2015 £'000
Cost		
At 1 April	**2,258**	2,219
Additions in the period	**138**	52
Disposals in the period	**–**	(12)
At 30 September / 31 March	**2,396**	2,258
Amortisation and impairment		
At 1 April	**1,744**	1,573
Amortisation for the period	**285**	184
Disposals in the period	**–**	(12)
At 30 September / 31 March	**2,029**	1,744
Net book value at 30 September / 31 March	**367**	514

12 Property, plant and equipment

Group and Company	30 September 2016 £'000	31 March 2015 £'000
Cost		
At 1 April	**180**	185
Additions in the period	**100**	83
Disposals in the period	**–**	(88)
At 30 September / 31 March	**280**	180
Depreciation		
At 1 April	**76**	102
Depreciation charge for the period	**57**	29
Disposals in the period	**–**	(55)
At 30 September / 31 March	**133**	76
Net book value at 30 September / 31 March	**147**	105

The majority of property, plant and equipment is computer hardware and office machinery.

Private & Commercial Finance

Notes to the Financial Statements

13 Loans and receivables

Maximum exposure and maturity

30 September 2016	Instalment credit £'000	Finance leases £'000	Total £'000
Group			
Maturity profile:			
Within one year	45,442	12,304	57,746
One to five years	79,909	16,381	96,290
Gross loans and receivables	125,351	28,685	154,036
Unearned future finance income	(24,064)	(4,132)	(28,196)
Loan loss provision	(2,702)	(1,179)	(3,881)
	98,585	23,374	121,959
Comprising:			
Current assets	31,838	9,124	40,962
Non-current assets	66,747	14,250	80,997
	98,585	23,374	121,959

31 March 2015	Instalment credit £'000	Finance leases £'000	Total £'000
Group			
Maturity profile:			
Within one year	38,996	12,430	51,426
One to five years	61,117	15,100	76,217
Gross loans and receivables	100,113	27,530	127,643
Unearned future finance income	(19,578)	(4,050)	(23,628)
Loan loss provision	(2,952)	(1,234)	(4,186)
	77,583	22,246	99,829
Comprising:			
Current assets	26,960	9,189	36,149
Non-current assets	50,623	13,057	63,680
	77,583	22,246	99,829

For terms relating to financial assets, loans and receivables refer to note 21.

Credit quality

30 September 2016	Instalment credit £'000	Finance leases £'000	Total £'000
Group			
Neither past due nor impaired	115,174	24,597	139,771
Past due but not impaired – one day up to one month	3,417	1,231	4,648
– one month up to two months	356	69	425
Impaired	6,404	2,788	9,192
Gross loans and receivables	125,351	28,685	154,036

31 March 2015	Instalment credit £'000	Finance leases £'000	Total £'000
Group			
Neither past due nor impaired	90,580	23,706	114,286
Past due but not impaired – one day up to one month	2,047	507	2,554
– one month up to two months	312	11	323
Impaired	7,174	3,306	10,480
Gross loans and receivables	100,113	27,530	127,643

The credit risk inherent in loans and receivables is reviewed under impairment policies as detailed in note 1. Under this review, the credit quality of assets which are neither past due nor impaired were considered to be good. In the case of assets where there was evidence of non-payment or other objective evidence of impairment the assets are considered as impaired. The carrying amount of gross loans and receivables whose terms have been renegotiated which would otherwise be past due or impaired is £0.5 million at 30 September 2016 (31 March 2015 – £0.4 million).

Loan loss provision

30 September 2016	Instalment credit £'000	Finance leases £'000	Total £'000
Group			
At 1 April 2015	2,952	1,234	4,186
Utilised	(1,503)	(388)	(1,891)
Additional provisions created	1,253	333	1,586
At 30 September 2016	2,702	1,179	3,881

31 March 2015	Instalment credit £'000	Finance leases £'000	Total £'000
Group			
At 1 April 2014	3,571	1,599	5,170
Utilised	(1,734)	(796)	(2,530)
Additional provisions created	1,115	431	1,546
At 31 March 2015	2,952	1,234	4,186

Notes to the Financial Statements

13 Loans and receivables (continued)

Collateral

	30 September 2016 £'000	31 March 2015 £'000
Loans secured on equipment, plant and vehicles under conditional sale/hire purchase agreements	**125,654**	98,250
Unsecured loans	**697**	1,862
Finance leases of equipment, plant and vehicles	**28,685**	27,531
Gross loans and receivables	**154,036**	127,643

An estimate of the fair value of collateral on past due or impaired loans and receivables is not disclosed as it would be impractical to do so.

Company

The non-current loans and receivables as shown on the Company balance sheet of £3,500,000 (31 March 2015 – £3,500,000) comprise amounts due from subsidiary companies with repayment terms of five years or more. In current assets there are amounts of £9,067,677 (31 March 2015 – £9,597,857) due from subsidiary companies, all of which are repayable on demand and attract an interest rate of 0%.

14 Trade and other receivables

	Group 30 September 2016 £'000	Company 30 September 2016 £'000	Group 31 March 2015 £'000	Company 31 March 2015 £'000
Trade receivables	**–**	**–**	188	–
Prepayments	**211**	**202**	126	126
Other receivables	**292**	**261**	820	154
	503	**463**	1,134	280

Trade and other receivables are not interest-bearing and are generally on terms of up to 30 days. The maximum exposure to credit risk and the fair value of trade and other receivables equates to the carrying amount.

15 Trade and other payables

	Group 30 September 2016 £'000	Company 30 September 2016 £'000	Group 31 March 2015 £'000	Company 31 March 2015 £'000
Trade payables	**491**	**250**	353	142
Taxes and social security costs	**72**	**72**	52	52
Other payables	**883**	**–**	491	–
Accruals	**457**	**645**	747	663
	1,907	**967**	1,643	857

Trade and other payables are not interest-bearing and are normally settled on 30 day terms.

16 Interest-bearing loans and borrowings

	Group 30 September 2016 £'000	Company 30 September 2016 £'000	Group 31 March 2015 £'000	Company 31 March 2015 £'000
Current				
Secured loans and borrowings	**12,978**	**–**	10,733	–
Convertible loan notes	**956**	**956**	–	–
	13,934	**956**	10,733	–
Non-current				
Secured loans and borrowings	**89,372**	**–**	68,758	–
Convertible loan notes	**–**	**–**	9,763	9,763
	89,372	**–**	78,521	9,763
Total interest-bearing loans and borrowings	**103,306**	**956**	89,254	9,763

Loans and borrowings are stated net of unamortised issue costs of £0.4 million (31 March 2015 – £0.5 million). These costs are allocated to the income statement over the term of the facility using the effective interest method.

Bank overdrafts

The bank overdraft has an effective interest rate of base rate plus a margin and is secured by a debenture over the individual group undertaking to which it applies. The facility is repayable on demand.

Interest-bearing loans and borrowings

£25.0 million term loan facility

This loan has an effective interest rate of LIBOR plus a margin and a maturity date of 31 July 2019. The loan is secured by both a charge over the loans and receivables and a debenture over the assets of the group undertaking to which it applies and the guarantee of the Company.

£12.0 million term loan facility

This loan has an effective interest rate of LIBOR plus a margin and a maturity date of 9 January 2017. The loan is secured by both a charge over the loans and receivables and a debenture over the assets of the group undertaking to which it applies and the guarantee of the Company.

£8.0 million term loan facility

This loan has fixed interest rates and maturity dates of up to four years. The loan is secured by both a charge over the loans and receivables and a debenture over the assets of the group undertaking to which it applies and the guarantee of the Company.

£12.0 million block discounting facility

This loan has a fixed interest rate and maturity dates of up to four years. The facility is secured by both a charge over the loans and receivables and a debenture over the assets of the group undertaking to which it applies and the guarantee of the Company.

£83.0 million term loan facility

This loan has a fixed interest rate and a maturity date of 30 June 2021. The loan is secured by a charge over the loans and receivables and the guarantee of the Company.

Notes to the Financial Statements

16 Interest-bearing loans and borrowings (continued)

Convertible debt

In November 2012 the Company issued £5,930,000 of £1 convertible unsecured loan notes at par, by way of a placing and open offer. In 30 September 2013 the Company placed an additional £4,070,000 of £1 convertible unsecured loan notes at par. The loan notes were convertible into ordinary shares at the price of 8.5p on any interest date before 30 September 2016, subject to the proviso that any loan note holder holding a nominal value of loan notes of £1 million or more may convert their loan notes into ordinary shares on any Business Day between 1 December 2012 and 30 September 2016. The loan notes have a final maturity date of 30 September 2016 and carry an interest rate of 6%. The unamortised issue costs of the loan notes have been offset against the debt. At 30 September 2016 £9,043,669 of loan notes had been converted at 8.5p, of these 9,011,170 were converted in the 18 month period ended 30 September 2016.

The Company is unable to call and redeem the loan notes until the maturity date.

	30 September 2016 £'000	31 March 2015 £'000
Maturity of financial liabilities		
In one year or less or on demand	**19,317**	11,300
In more than one year but not more than two years	**10,536**	74,162
In more than two years but not more than five years	**73,451**	4,495
	103,304	89,957

	30 September 2016 £'000	31 March 2015 £'000
Undrawn committed borrowing facilities		
Expiring in one year or less	**21,439**	16,442
Expiring in more than one year but not more than two years	**6,609**	6,346
Expiring in more than two years but not more than five years	**42,500**	–
	70,548	22,788

Principal covenants

The subsidiary companies must comply with principal lending covenants in respect of the ratio of borrowings to net worth and the ratio of profit before interest and tax to net interest expense. In both periods, none of these covenants had been breached.

17 Operating lease arrangements

Operating lease arrangements where the Group or Company is lessee

Future minimum rentals payable under non-cancellable property leases are as follows:

	Group 30 September 2016 £'000	Company 30 September 2016 £'000	Group 31 March 2015 £'000	Company 31 March 2015 £'000
Not later than one year	**243**	**243**	203	203
After one year but not more than five years	**466**	**466**	831	831
	709	**709**	1,034	1,034

A 108 month property lease was entered into on 5 September 2014. The Company has an option to determine the lease on 5 September 2019.

Operating lease arrangements where the Group or Company is lessor

Future minimum rentals receivable under non-cancellable operating leases are £nil (31 March 2015 – £nil).

18 Issued share capital

	Number	£'000
Authorised ordinary shares		
At 30 September 2016 – 5p each	250,000,000	12,500
Allotted and fully paid ordinary shares		
At 1 April 2014 – 5p each	53,021,701	2,651
Exercise of convertible debt options	91,786	5
At 1 April 2015 – 5p each	53,113,487	2,656
Exercise of convertible debt options	106,013,756	5,300
At 30 September 2016 – 5p each	159,127,243	7,956

Private & Commercial Finance

Notes to the Financial Statements

19 Movements in reserves

Group	Share premium £'000	Capital reserve £'000	Other reserves £'000	Own shares £'000	Profit and loss account £'000
At 1 April 2014	4,395	3,873	115	(355)	(267)
Fair value losses on cash flow hedges net of tax	–	–	(224)	–	–
Transfer to net profit	–	–	(18)	–	–
Net losses recognised directly in equity	–	–	(242)	–	–
Profit for the year	–	–	–	–	1,614
Total recognised income and expense for the year	–	–	(242)	–	1,614
Share-based payments	–	–	–	–	16
Issue of new shares	3	–	–	–	–
Issue of own convertible debt	–	–	–	50	–
At 1 April 2015	4,398	3,873	(127)	(305)	1,363
Fair value losses on cash flow hedges net of tax	–	–	(244)	–	–
Transfer to net profit	–	–	(2)	–	–
Net losses recognised directly in equity	–	–	(246)	–	–
Profit for the period	–	–		–	4,021
Total recognised income and expense for the period	–	–	(246)	–	4,021
Capital Restructure – Transfer to Retained Earnings	(7,935)	(3,873)	–	–	11,808
Share-based payments	–	–	–	–	63
Issue of new shares	3,711	–	–	–	–
Issue of own convertible debt	–	–	–	50	–
At 30 September 2016	174	–	(373)	(305)	17,255

Capital reserve

On 23 May 2006 the ordinary shares of 25p of the Company were divided into five new ordinary shares of 5p. Four of each of the five newly sub-divided ordinary shares were designated deferred shares. The deferred shares were purchased by the Company at nil value and cancelled, resulting in the creation of a capital reserve. This was transferred to retained earnings following the capital restructure in the current period. See Profit and loss account note below for more information.

Other reserves

From 1 April 2007 the Group adopted hedge accounting for the existing and any new derivative financial instruments. The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions which have not yet occurred. The hedging reserve appears in 'Other reserves'. Further information on derivative financial instruments and hedging is contained in note 1.

Profit and loss account

On 18 November 2015, following the resolutions passed at the Annual General Meeting, the Company transferred £7,934,590 from the Share Premium Account and £3,873,467 from the Capital Reserve Account to Profit and Loss Account. The legal mechanism to reclassify the share premium account and capital reserve to distributable profits was approved by the court, which completed the preparations necessary to pay a dividend.

Own shares (Employee Share Option Plans)

Own shares represent 645,015 ordinary shares (31 March 2015 – 645,015) held by The PCFG Employees Benefits Trust 2003 ('EBT') to meet obligations under the Company's Share Option Plans. The shares are stated at cost and their market value at 30 September 2016 was £164,479 (31 March 2015 – £87,077). If they had been sold at this value, there would have been a capital loss of £90,521 (31 March 2015 – £168,070) arising on the sale.

In November 2012 the EBT purchased 100,000 of £1 convertible unsecured loan notes at par to provide awards under the long-term incentive plan. The EBT issued 50,000 loan notes to key employees in the prior year subject to their continued employment until 30 September 2016. The remaining 50,000 loan notes are stated at cost and their market value at 30 September 2016 was £90,000 (31 March 2015 – £66,000).

Movements in reserves

Company	Share premium £'000	Capital reserve £'000	Own shares £'000	Profit and loss account £'000
At 1 April 2014	4,395	3,873	(355)	(5,773)
Loss for the year	–	–	–	(439)
Total recognised income and expense for the year	–	–	–	(439)
Share-based payments	–	–	–	16
Issue of new shares	3	–	–	–
Issue of own convertible debt	–	–	50	–
At 1 April 2015	4,398	3,873	(305)	(6,196)
Loss for the period	–	–	–	–
Total recognised income and expense for the period	–	–	–	(20)
Capital Restructure – Transfer to Retained Earnings	(7,935)	(3,873)	–	11,808
Share-based payments	–	–	–	63
Issue of new shares	3,711	–	–	–
Issue of own convertible debt	–	–	–	–
At 30 September 2016	174	–	(305)	5,655

20 Deferred tax asset

Group	30 September 2016 £'000	31 March 2015 £'000
Decelerated capital allowances	**1,240**	1,638
Derivative financial instruments	**86**	31
Other temporary differences	**98**	25
	1,424	1,694
At 1 April	**1,694**	1,840
Recognised in income	**(332)**	(209)
Adjustment in respect of prior year timing difference	**(19)**	–
Recognised in equity	**81**	63
At 31 March	**1,424**	1,694

At the Summer Budget 2015, the UK Government announced legislation setting the Corporation Tax main rate from 20% to 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. The deferred tax asset has been calculated based on a rate of 19% to the extent that it is expected to reverse in future years.

There is an unrecognised deferred tax asset of £2,431 (31 March 2015 – £24,517). This asset relates to tax losses arising in prior years, which are unutilised at the reporting date.

Notes to the Financial Statements

21 Financial instruments

The Group's principal financial instruments are financial assets comprising loans and receivables and financial liabilities recorded at amortised cost, comprising overdrafts and interest-bearing loans and borrowings. The Group also enters into derivative financial instruments to reduce its exposure to interest rate fluctuations. A description of the principal risks, as well as details on how the Group manages these risks, is contained in the Strategic Report, in the section entitled 'Principal risks and uncertainties'.

Liquidity and interest rate risks

The Group's policy on funding capacity is to ensure there is always sufficient long-term funding in place. The Group endeavours to have committed borrowing facilities in place in excess of its forecast gross borrowing requirements for a minimum of the next twelve months. At 30 September 2016 the Group's principal committed borrowing facilities totalled £173.9 million (31 March 2015 – £112.0 million) of which 41% (31 March 2015 – 21%) was undrawn. In addition, it is the Group's policy to maintain uncommitted facilities for its working capital requirements. The contractual maturities of the Group's and Company's facilities are detailed in note 16 along with the Group's committed facilities.

The Group borrows at both fixed and floating interest rates and then uses derivative financial instruments to manage its exposure to interest rate fluctuations. At 30 September 2016 the proportion of the Group's borrowings at fixed rates, including borrowings matched with derivatives, was 100% (31 March 2015 – 61%), fixed for an average period of 3.0 years (31 March 2015 – 1.9 years). Derivatives are interest rate swaps where the Group pays fixed rate interest on a quarterly basis. Based on the exposure to interest rate risk an increase in LIBOR by one half of one percentage point for the whole financial year would have had an adverse effect on profit for the period of £1,827 (31 March 2015 – £164,242) and a favourable impact on equity of £167,892 (31 March 2015 – £50,660).

The following tables set out the gross contractual maturities of the Group's and Company's financial instruments.

Group
18 months ended 30 September 2016

Fixed rate	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
Loans and receivables – gross	57,746	40,435	30,120	18,416	7,300	19	154,036
Trade and other receivables	504	–	–	–	–	–	504
Cash and cash equivalents	5,904	–	–	–	–	–	5,904
Interest-bearing loans and borrowings	(16,666)	(13,297)	(8,590)	(3,812)	(41,641)	–	(84,006)
Convertible debt	(956)	–	–	–	–	–	(956)
Trade and other payables	(1,907)	–	–	–	–	–	(1,907)
Derivative financial instruments	(328)	(183)	(149)	–	–	–	(660)
	44,297	26,955	21,381	14,604	-34,341	19	72,915

Floating rate	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
Derivative financial Instruments	95	34	30	–	–	–	159
Interest-bearing loans and borrowings	(6,535)	(1,067)	(25,845)	–	–	–	(33,447)
	(6,440)	(1,033)	(25,815)	–	–	–	(33,288)

Group
Year ended 31 March 2015

Fixed rate	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
Loans and receivables – gross	51,426	33,397	23,868	14,016	4,919	17	27,643
Trade and other receivables	1,008	–	–	–	–	–	1,008
Cash and cash equivalents	139	–	–	–	–	–	139
Interest-bearing loans and borrowings	(12,057)	(7,840)	(3,491)	(1,181)	(36)	–	(24,605)
Convertible debt	(598)	(10,267)	–	–	–	–	(10,865)
Trade and other payables	(1,589)	–	–	–	–	–	(1,589)
Derivative financial instruments	(253)	(224)	(103)	–	–	–	(580)
	38,076	15,066	20,274	12,835	4,883	17	91,151

Floating rate	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
Derivative financial Instruments	127	181	90	–	–	–	398
Bank overdrafts	(703)	–	–	–	–	–	(703)
Interest-bearing loans and borrowings	(2,592)	(58,187)	–	–	–	–	(60,779)
	(3,168)	(58,006)	–	–	–	–	(61,084)

Notes to the Financial Statements

21 Financial instruments (continued)

Company
18 months ended 30 September 2016
Fixed rate

	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
Loans and receivables – gross	9,068	–	–	–	–	3,500	12,568
Trade and other receivables	463	–	–	–	–	–	463
Cash and cash equivalents	769	–	–	–	–	–	769
Convertible debt	(956)	–	–	–	–	–	(956)
Trade and other payables	(967)	–	–	–	–	–	(967)
	8,377	–	–	–	–	3,500	11,877

Company
Year ended 31 March 2015
Fixed rate

	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
Loans and receivables – gross	9,598	–	–	–	–	3,500	13,098
Trade and other receivables	280	–	–	–	–	–	280
Convertible debt	(598)	(10,267)	–	–	–	–	(10,865)
Trade and other payables	(857)	–	–	–	–	–	(857)
	8,423	(10,267)	–	–	–	3,500	1,656

The financial instruments are shown gross to reflect capital and interest. The amounts shown therefore are not the carrying amounts as included on the Group and Company balance sheets.

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The following table sets out the contractual maturities of the notional value of the Group's derivative financial instruments.

Group	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	Over 4 years £m	Total £m
30 September 2016						
Interest rate swaps	10.0	10.0	10.0	–	–	30.0

Group	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	Over 4 years £m	Total £m
31 March 2015						
Interest rate swaps	2.0	10.5	10.0	–	–	22.5

The Company has no derivative financial instruments at 30 September 2016 (31 March 2015 – £nil).

Fair values of financial instruments

The following table sets out a comparison by category of carrying amounts and fair values of financial instruments that are carried in the Financial Statements.

Group	Book value 30 September 2016 £m	Fair value 30 September 2016 £m	Book value 31 March 2015 £m	Fair value 31 March 2015 £m
Financial assets				
Loans and receivables – net	**122.0**	**140.2**	99.8	115.4
Financial liabilities				
Interest-bearing loans and borrowings	**(103.3)**	**(103.1)**	(89.2)	(89.3)

Company	Book value 30 September 2016 £m	Fair value 30 September 2016 £m	Book value 31 March 2015 £m	Fair value 31 March 2015 £m
Financial assets				
Loans and receivables – net	**12.6**	**12.6**	13.1	13.1
Financial liabilities				
Interest-bearing loans and borrowings	**(1.0)**	**(1.0)**	(9.8)	(9.9)

Fair values are calculated by discounting cash flows at prevailing interest rates for equivalent debt instruments or by using the market interest rates for other financial assets or liabilities. The carrying value of all the other Group and Company financial instruments is regarded as a reasonable approximation of the fair value. Under IFRS 7 'Financial instruments: disclosures', the Group's derivative financial instruments are classed as Level 2 because they are not traded in an active market and the fair value is determined by discounted cash flow model analysis with reference to relevant market interest rates and yield curves. There have been no transfers between valuation levels during the period.

Cash flow hedges

The following table shows the impact of the Group's cash flow hedges on the income statement and equity during the period.

	30 September 2016 £'000	31 March 2015 £'000
Amount recognised in equity	**(246)**	(242)
Amount removed from equity as interest payable	**2**	18

Effective interest rates

The following profile of the Group's financial assets and liabilities is stated after taking into account the effects of interest rate swaps referred to above.

Weighted-average effective interest rate	30 September 2016 %	31 March 2015 %
Loans and receivables	**13.2**	14.2
Interest-bearing loans and borrowings	**5.4**	5.3

Interest on floating rate borrowing is determined by the relevant margin over LIBOR for each facility.

Notes to the Financial Statements

22 Contingent liabilities

Guarantees and security

Group

The loan facilities in the following subsidiary undertakings are secured by a debenture over the assets of the subsidiary undertaking.

PCF Group Limited
Private and Commercial Finance Company Limited
PCF Asset Finance Limited
PCF Business Finance Limited
PCF Leasing Limited

Company

The Company has contingent liabilities of £102.5 million at the period-end (31 March 2015 – £80.4 million) in connection with guarantees relating to banking facilities of the Group companies.

23 Related parties

Apart from Directors' remuneration disclosed in note 7, the £83.0m term loan facility with Bermuda Commercial Bank disclosed on note 16 and guarantees disclosed in note 22, there were no related party transactions during the period.

The loan with Bermuda Commercial Bank, this is a commercial arrangement made at arm's length.

24 Events after the balance sheet date

PCF Group Holdings Limited was authorised as a bank on 6 December 2016 by the PRA and the FCA.

This has no impact on the investment held by the Company at 30 September 2016.

Avocette Limited, London

Private & Commercial Finance

Pinners Hall, 105-108 Old Broad Street, London EC2N 1ER
T 020 7222 2426 F 020 7222 2985 customerservices@pcfg.co.uk
www.pcfg.co.uk