Connecting consumers to legal services

NAHL Group plc
Annual report and accounts
2014

NAHL GROUP PLC

NAHL Group plc is a leading consumer marketing business focused on the UK legal services market. Our core brand, National Accident Helpline (NAH), was established in 1993, and since then the Group's business has grown to an industry-leading position as an outsourced marketing services provider.

As the nation's most searched for and most trusted Personal Injury (PI) brand NAH attracts around 240,000 consumer contacts per annum.

We listen to our consumers and provide dedicated support when they need it most. Using experience gained over 20 years we determine if they have a genuine claim and connect them to an expert solicitor to assist them.

Front Cover:
Jenna Reid
Contact Centre Team Manager

Highlights

Financial

- Revenue from continuing operations[1] up 10.4% to £43.8m (2013: £39.7m)
- Underlying operating profit[2] up 29.3% to £12.7m (2013: £9.8m)
- Underlying operating profit[2] margin increased by 4 percentage points to 29% (2013: 25%)
- Excellent cash generation with 97.6% operating cash conversion from continuing operations[1]
- Robust balance sheet with net cash of £1.2m at period end (net debt of £4.8m at 31 December 2013)
- Basic EPS of 20.6p (23.0p from continuing operations)
- Board proposed final dividend of 10.7p giving total dividend of 15.7p

Operational

- Strong enquiry growth of 15.3% delivered from increased market share in all areas
- 76% of enquiries generated from faster growing non-RTA and medical negligence sectors
- Launched Stop Nuisance Calls campaign to drive out unsolicited texts and calls
- Post period end acquisition of Fitzalan Partners extends our core marketing and panel management expertise into another segment of the fragmented consumer legal services sector

+15.3%

Enquiries increased by 15.3%.

£43.8m

Revenue from continuing operations[1] increased by 10.4% to £43.8m (2013: £39.7m).

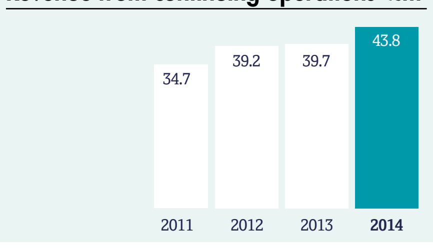
29%

Underlying operating profit[2] margin increased by 4 percentage points to 29% (2013: 25%).

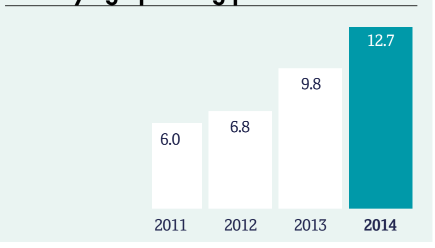
1 Continuing operations excludes the demerged PPI Claimline division and a legacy ATE insurance product used prior to enactment of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO) on 1 April 2013

2 Underlying operating profit excludes pre-LASPO ATE items, share-based payments and one-off items

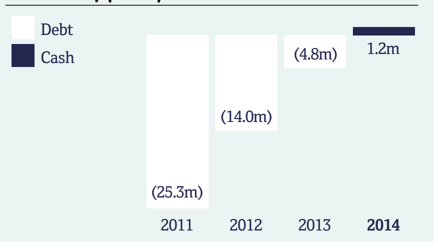
Revenue from continuing operations[1] £m



Underlying operating profit[2] £m



Net cash/(debt)



Contents

Our business

We believe that access to justice is a fundamental right and our business helps secure this for hundreds of people every week. For more than 20 years National Accident Helpline has helped millions of people who have suffered a genuine injury through no fault of their own.

Attracting
We understand that Personal Injury victims can feel like the Underdog when making a claim and many are not comfortable contacting a solicitor directly. Consumers see us as approachable experts who will listen and advise in an empathetic way. Our NAH brand and marketing activity generated around 248,000 inbound consumer contacts in 2014. **We do not cold call and we lobby against nuisance marketing.**

Listening
Our Legal Service Advisors (LSAs) are trained to help consumers understand if they have a valid claim. LSAs are experienced at identifying claims with merit and only pass these across to our Panel Law Firms (PLFs). **Critics of the PI sector make sweeping statements about fraudulent claims without due consideration for the essential assistance that NAH and the PI sector provides to genuine claimants.**

Connecting
Once the LSA has established all the relevant facts and details the consumer is connected directly to a PLF. We connect around 80,000 qualified PI enquiries to our panel of 50 specialist PLFs each year. Our PLFs value the consistent quality and mix of enquiries. **Without the service which NAH provides thousands of genuine PI victims would be left without a route to justice.**

£23m
Marketing spend in 2014

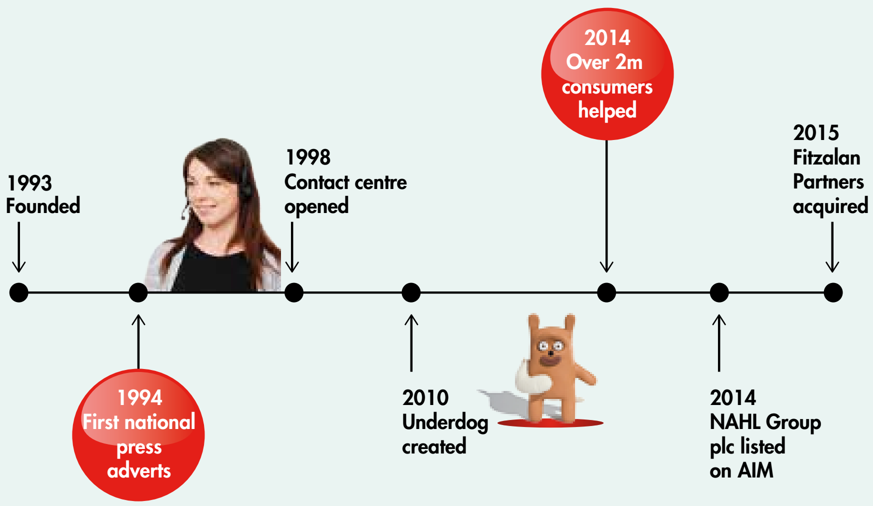
60
Experienced LSAs

50
Specialist PLFs

Stop Nuisance Calls
We do not cold call or send spam texts or emails. We are acutely aware of how invasive and upsetting nuisance calls can be and believe this unscrupulous practice should be stamped out. In October 2014 we launched our Stop Nuisance Calls campaign calling upon the government to take a much stronger stance against the offenders in UK industry and to proactively support consumers who are subject to millions of nuisance calls every year. On 25 February 2015 the Government increased penalties and lowered the threshold for imposing fines, which is a positive first step.

STOP NUISANCE CALLS

Our history



Our market

We have a leading position in the PI market and NAH's focus is on the higher margin, faster growing segments.

1m

Approximately one million PI claims per annum.

4%

NAH market share in PI.

Source: CRU analysis, 2014 and management estimates

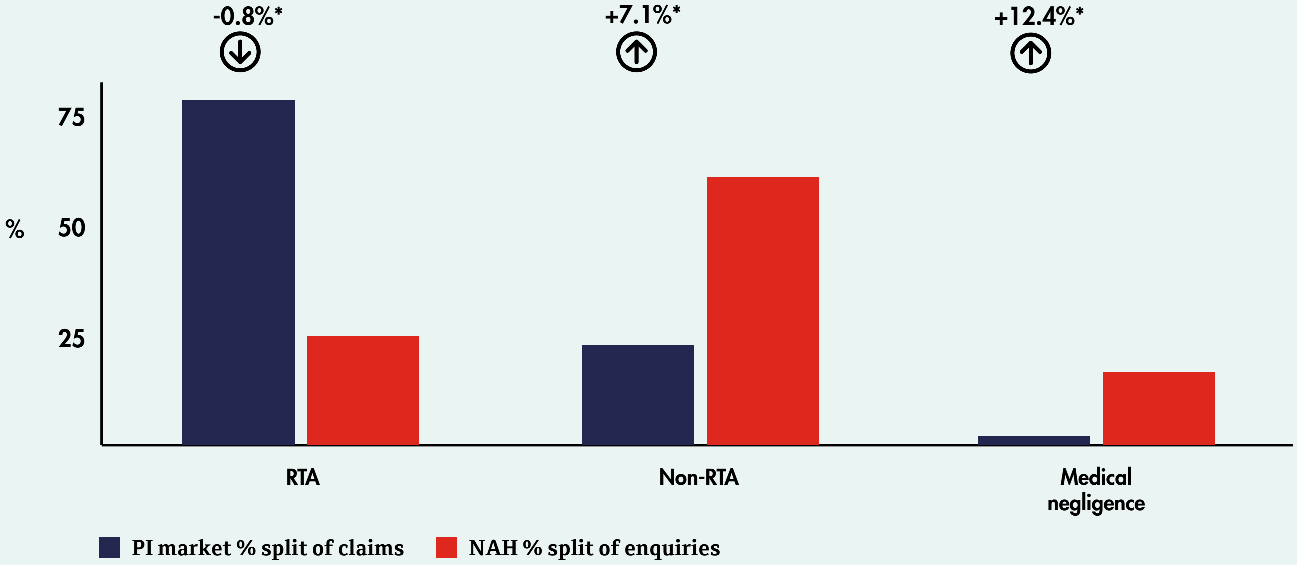
The PI market is large and fragmented with approximately one million claims per annum. Claims can be divided into three segments: Road Traffic Accident (RTA); non-Road Traffic Accident (non-RTA) and medical negligence. Whilst over three quarters of the overall PI market comprises RTA claims, NAH's focus remains on the higher margin, faster growing segments of medical negligence and non-RTA claims. These accounted for 76% of NAH's total qualified enquiries passed on to PLFs in 2014.

The UK PI market is relatively flat, in overall terms, but medical negligence is growing at about 12%[1] and non-RTA at about 7%[1] pa. NAH's estimated market shares are 1.9%[2] in RTA, 11.6%[2] in non-RTA and 5.8%[2] in medical negligence. The regulatory environment is driving industry consolidation with a 56% reduction in the number of regulated claims management companies as at 31 March 2014[3].

1 Source: Compensation Recovery Unit (CRU) analysis 2014
2 Source: CRU analysis 2014 and management estimates
3 Source: Claims Management Regulator (CMR) Annual Report 2013/14

Market overview

NAH's focus is on higher growth segments



*Compound Annual Growth Rate 2012-14

Source: CRU analysis 2014 and management estimates

Chairman's statement

Our results continue to demonstrate the importance and value of our NAH brand and marketing expertise as we continue to generate increasing numbers of quality enquiries for our Panel Law Firms.

I am pleased to report the Group's first full-year results, for the year ended 31 December 2014, since the Company's IPO on the AIM market of the London Stock Exchange on 29 May 2014.

Steve Halbert
Chairman

Summary of financial performance

NAHL Group plc has performed well in its first year as a listed company, with revenue from continuing operations of £43.8m, up 10.4% (2013: £39.7m). This translated into an increase in underlying operating profit from continuing operations of 29.3%, up from £9.8m to £12.7m.

Underlying profit before tax from continuing operations, before pre-LASPO (Legal Aid, Sentencing and Punishment of Offenders Act 2012) After The Event insurance (ATE) profits, share-based payments and one-off items, also increased to £13.0m (2013: £5.4m). Earnings from continuing operations per share were 23.0p (2013: 25.1p) the reduction is due to pre-LASPO ATE profits in 2013, which is a legacy item.

During the period, in line with our strategy post-LASPO, we sold PPI Claimline Limited, resulting in a loss from discontinued operations of £1.0m. Final reported figures are shown in note 3 to the financial statements.

NAHL's business model within the PI sector, operating through our successful NAH subsidiary, continues to be highly cash generative, with a 97.6% (2013: 106.3%) conversion of operating profit from continuing operations into cash. The balance sheet is robust and at the period end we had cash of £13.6m (2013: £14.2m). Our balance sheet also shows £5.9m of interest-bearing loans and borrowings (2013: £6.9m) and non-interest-bearing liabilities of £6.5m (2013: £12.1m) relating to the legacy pre-LASPO ATE product, which we expect will be substantially repaid in 2015 and 2016, giving an effective adjusted net cash position of £1.2m (2013 net debt of £4.8m) at 31 December 2014.

Final dividend

The Board proposes, subject to approval of shareholders at the Annual General Meeting to be held on 27 May 2015, a final dividend of 10.7p per share payable on 29 May 2015 to ordinary shareholders registered on 24 April 2015. Together with our interim dividend already paid of 5.0p per share, this takes total proposed distributions to 15.7p per share representing 68% of earnings from continuing operations per share of 23.0p.

10.7p

Final dividend.

Business review

The Group's results reflect a strong trading performance, both in terms of our enquiry generation and the affordability of those enquiries to our PLFs. Enquiry generation shows volume up 15.3%. Pleasingly, the mix of enquiries has continued its trend towards the higher value categories, and about 76% of the Group's enquiries are generated from the faster growing non-RTA and medical negligence sectors.

Revenue growth from enquiry generation (referred to as solicitor income) is up 11.7% on 2013. This growth is derived from a core UK PI market that continues to be broadly static in terms of overall enquiry volumes and we are confident that we have continued to gain market share. This has been achieved through a combination of factors, from the effectiveness of our Underdog advertising campaigns, through increasing sophistication in our Search Engine Optimisation (SEO) and digital strategies, to the effective call handling and direct transfer of consumers to our PLFs. The Group continues to invest in its multi-channel approach to marketing and NAH, supported by the Underdog, remains the most trusted and recognised brand in the sector.

Revenue from the sale of products (medicals, insurance, insight and costs), which are related to the various services required by our PLFs to run a case efficiently, was up 2.1% in 2014. This is in part a reflection of the decline in products related to pre-LASPO cases. However, this is more than offset by 11.2% growth in our continuing products.

Looking ahead, our aim is to see the Group's continuing product income grow in line with solicitor income.

Board appointment

In November 2014, I was delighted to welcome Gillian Kent to the Board. Gillian has significant digital experience from her time as CEO of MSN (Microsoft) UK and Propertyfinder.com and brings valuable expertise to the Board as we look to other lead generation opportunities.

Acquisition of Fitzalan Partners

The acquisition of Fitzalan Partners (Fitzalan), completed in February 2015 for up to £4.3m, provides us with a platform to use our lead generation and SEO expertise in a sector with close parallels to our core PI business.

Conveyancing is a significant sector in the personal legal services market, and we are excited about the opportunities that this acquisition brings. We expect Fitzalan to be immediately earnings enhancing and to broaden our platform for delivering long-term, sustainable growth.

We look forward to working with the Fitzalan team and continuing their impressive growth story.

Looking forward

Our results continue to demonstrate the importance and value of our well recognised and trusted NAH brand, and the strength and expertise of our marketing strategy. We have continued to generate increasing numbers of high quality enquiries for our PLFs. Early signs from the beginning of 2015 are encouraging and we have started the year in line with our expectations.

Our strategy of working across the wider personal legal services market is gaining momentum and we expect growth from our core PI market and a positive contribution from Fitzalan in the conveyancing market.

The business has seen considerable change during 2014 and delivered excellent results. I would like to thank our many stakeholders, and our employees in particular, for their continued support and contribution to our success.

We look forward to 2015 with enthusiasm.

Steve Halbert
Chairman

Business model

National Accident Helpline's core business model is based on enquiry origination through direct response TV and online marketing, connecting consumers who have suffered a non-fault Personal Injury with specialist law firms.

Applying brand and marketing expertise to attract consumers

see our business model in action on pages 8 and 9

Inbound contacts become quality enquiries

248,000

Gross leads in 2014

Research[1] shows that consumers are not always comfortable dealing directly with a solicitor and the NAH brand provides the consumer with the confidence that they will be given the right support and advice to start their claim.

Through the strength and trust generated by the NAH brand and our Underdog character we attracted around 248,000 consumer contacts in 2014 either via website visits, inbound telephone contact or live web chat. Our contact centre screens out spurious claims and claims where the victim is at fault, along with hoax calls and duplicates, resulting in a bank of about 110,000 clean leads.

110,000

Clean leads in 2014

NAH does not cold call. All inbound consumer leads are generated through NAH's advertising and online activity and come through to a central, UK-based contact centre where they speak to an LSA. The LSA is a well-informed but empathetic intermediary between the consumer and the law firm and helps the consumer to understand if they have a claim.

Our LSAs receive extensive training and use specific criteria to filter consumer contacts effectively into qualified enquiries with good prospects of success. With almost two thirds of initial leads being sifted out of the process, almost 83,000 enquiries are passed through to specialist PLFs to proceed with a claim.

1 Source: Independent research, The Nursery, 2014

Connecting consumers and solicitors seamlessly

see our business model in action on pages 10 and 11

Satisfied consumers

2m

We have helped over 2 million consumers since 1993.

More consumers search for NAH than any other PI brand.

Source: Google, December 2014

Satisfied solicitors

10 years

More than half of our PLFs have worked with us for over 10 years.

83,000

Qualified enquiries in 2014

Once the lead has been qualified, the enquiry and all related information is transferred via direct electronic transfer to one of 50 specialist law firms on NAH's nationwide panel. The consumer does not have to repeat information already shared with NAH and this results in improved conversion rates and improved profitability for PLFs.

The solicitor then conducts a further risk assessment to decide whether to proceed with the claim and contracts directly with the consumer (thereafter referred to as the claimant). According to PLF data we believe this results in approximately 48,000 running cases.

Business model in action

strong brand awareness

NAH has significant experience in brand building and integrated multi-channel marketing and we conduct extensive market research programmes to enhance our understanding of the consumer and their needs. As a result, we are very effective in attracting the types of enquiries that our PLFs find valuable.

86% of our consumers choose to go online and of those, nearly 50% start their claim using our online claim form. NAH invests in website design to ensure conversion is optimised at every stage.

www.underdog.co.uk

1 Source: Independent brand tracking, The Nursery, 2014

2 Source: Independent research, The Nursery, 2014

3 Source: Google, February 2015

NAH has invested significantly in TV advertising to build awareness of the brand and the services we offer. With a highly differentiated advertising campaign that uses the Underdog character to engage consumers, NAH has the highest branded recognition[1] of any PI TV advert and the highest prompted awareness[2] of any brand in our sector. Consumers also say NAH is the brand they would most trust to act on their behalf[1] and the brand they would contact first, clearly demonstrating how strongly NAH's advertising campaign and brand resonates with consumers.

As the digital and online landscape evolves consumers are increasingly using the internet as a search tool to find out more about claiming. NAH is well placed to capitalise on this trend. TV advertising has built awareness to such a level that NAH is the most searched for PI brand by name[3].

We lead the field in digital marketing and have a highly optimised bidding strategy for our online Pay Per Click (PPC) campaigns[3]. According to Google, NAH has a greater number of advert appearances at a higher rank and with a better click through rate when compared to our peer set. Importantly, this is achieved without attracting a disproportionately high cost per click relative to the PI industry benchmark.

Another essential component of our digital strategy is delivering organic enquiries through SEO and public relations activities. This has proved highly effective with organic enquiries increasing significantly year on year.

£200m

NAH has invested more than £200 million in marketing over the past 20 years.

85%

Our NAH brand and Underdog are well recognised, with our prompted brand awareness at 85%, 17% ahead of our nearest competitor.

Source: Brand tracking, December 2014

In 2010 NAH created the Underdog character to feature in advertising primarily across TV and digital media.

The Underdog portrays what it is like to be ‘the little guy’. He characterises how NAH’s core consumer group feels about making a claim when they have suffered a personal injury and illustrates the potential for every consumer to access justice and the compensation they deserve.

Photo courtesy of Portsmouth News

Satisfied consumer
Katie’s story

Katie’s mother contacted NAH to establish whether they might be able to claim against the hospital which had failed to diagnose her daughter’s appendicitis for 17 days. Katie was given multiple incorrect diagnoses and finally had an appendectomy two months later, when they discovered her appendix had wrapped itself around other organs causing avoidable damage.

“When I first approached NAH I used web chat. I’d seen the advert on TV, Googled it and then spoke to an advisor who was very helpful and sympathetic. Right from the start to the end there were no complaints whatsoever. NAH put me straight through to a solicitor and I was kept informed right the way through the process. I would rate them 5/5, everything was absolutely spot on. The hospital swiftly admitted liability and our claim was successful. I believe that if this outcome can help prevent this happening to someone else in the future, then justice will have been served for Katie.”

Julie
Katie’s mother

8.7 average rating

NAH has ten times more reviews on Trustpilot than our competitors, with an average rating of 8.7 across more than 2,000 reviews.

Source: trustpilot.co.uk, February 2015

Business model in action

connecting
consumers and solicitors seamlessly

Our research confirms that many consumers are not comfortable dealing directly with a solicitor, (only 22%[1] choose to contact a solicitor when initially considering making a claim). The NAH brand provides consumers with the confidence and reassurance that they will be given the appropriate support and advice from the outset, without the worry of dealing with legal jargon or hidden fees.

In 2014 NAH connected around 83,000 consumers to our panel of 50 specialist law firms across the UK. Our PLFs cover all areas of PI claims and are selected based on their ability to deliver quality advice and outcomes for consumers and abide by a rigorous Service Level Agreement. It is vital to the NAH brand that from the first call to case conclusion the consumer experience is a positive one. We conduct regular audits of our PLFs and share best practice to ensure we achieve this important goal.

Satisfied solicitor

"We started working with NAH in 1995. They understand consumers' needs and have built a brand which consumers trust. Their Legal Services Advisors are very effective in filtering calls to ensure we receive quality enquiries from genuine claimants. Their solicitor services help our firm to process claims efficiently and profitably, and importantly, improve the experience for the claimant.

They lobby government effectively and actively champion the cause of the underdog with campaigns such as Stop Nuisance Calls. They are truly passionate about delivering a positive consumer experience and conduct regular solicitor firm audits and share best practice among the Panel Law Firms. We find their approach innovative and professional and enjoy working together to deliver access to justice to our consumers."

David Byrne
Partner, Scott Rees & Co Solicitors

9/10

On average our PLFs rate NAH as nine out of ten for our consultancy and performance audit services[2].

1 Source: Independent research, The Nursery, 2014
2 Source: Average of survey results following NAH visits, 2014

95%
direct call transfers

Once their enquiry is qualified, 95% of consumers choose to be transferred immediately to a solicitor using our direct call transfer technology. This supports case conversion and delivers a better consumer experience.

50

NAH works with 50 of the leading PI law firms in the country, more than half of which we have partnered with for over ten years.

As a market leader with years of experience and a robust business model, solicitor firms are keen to work with us. Our scale and marketing expertise means we are able to deliver the certainty of consistent volumes of the right mix of enquiries. This supports our PLFs to optimise business performance by effectively planning budgets and resource and managing growth in a sustainable way. PLFs also use services from NAH such as ATE insurance and medical assessments which help them to run cases effectively, providing an additional revenue stream for NAH.

Katy Philpin
Contact Centre Team Manager

NAH's national solicitor network comprises four panels:

Personal Injury Panel: covering employment liability, occupier liability, public liability and RTA cases.

Medical Negligence Panel: covering medical negligence cases which are more complex and specialised.

Specialist Panel: covering a number of different enquiry types which fall outside the other panels, such as industrial disease and international cases.

Associate Panel: this panel does not take enquiries from NAH, but takes products such as ATE insurance.

Chief Executive's review

We have made positive progress in 2014 and despite our leadership position, the Group has plenty of opportunity to increase our share in a large, fragmented market.

We have achieved positive results in a period of considerable change for the business. We have made good progress with our growth strategy, supported by our first acquisition.

Russell Atkinson
Chief Executive Officer

Overview

2014 was an important year for NAHL as we took the step to become a quoted company. Throughout the year trading remained strong and we are delighted to report results ahead of market expectations. The growth achieved is testimony to the professionalism of our team and the continued support that we receive from our consumers, our PLFs and our partners.

The PI market has undoubtedly gone through a period of dramatic change in the last few years. The new regulatory regime is now well embedded. NAH goes from strength to strength on the back of a single minded approach to serving our PLFs and retaining our position as the UK's leading consumer business in the PI market. Our focus on quality and our passion for providing access to justice for those with a valid injury claim remains at the core of our proposition.

Results

For the past 20 years we have been committed to our ethical approach in a challenging sector. 2014 saw a significant growth in the NAH business with a 15.3% increase in enquiries driving a 10.4% increase in revenue and a 29.3% operating profit improvement. This growth resulted from improved operational efficiency, more effective marketing, and an increase in RTA driven by market consolidation, as many small claims management companies ceased operating in the PI market. Our brand leadership enabled us to take advantage of this and increase our share in all of the key sectors in which we operate. Our enquiry growth has also been strong in our target sectors of non-RTA and medical negligence which has enabled us to retain the high quality mix of enquiries that our PLFs value.

Market overview

The PI market is estimated at £3bn[1] and has approximately one million claims per annum. The market remains relatively flat, although medical negligence is growing at 12.4%[1] and non-RTA at 7.1%[1] pa. The market has seen some consolidation, however, it remains fragmented with our overall share at an estimated 4%[2], with market shares of 1.9%[2] in RTA, 11.6%[2] in non-RTA and 5.8%[2] in medical negligence.

1 Source: CRU analysis 2014
2 Source: CRU analysis and management estimates

No. 1

NAH is the number one daytime TV and online spender in the PI sector.

Source: Neilsen Media Research 2014

Brand

The cornerstone of our proposition is the NAH brand and its Underdog character which is based on insight into how our consumers feel when making a claim. Throughout 2014 we have continued to strengthen our position within the PI sector as:

- The most trusted brand on TV[1]
- The most searched for online brand by name[2]
- The number one daytime TV and overall online spender[3]
- The number one in internet hits[3]

The strength of the brand positioning and in particular our trust rating has allowed us to continue to lead the way as the market's leading online brand. Our expertise in marketing has helped us to navigate our way through the changing media landscape and make real progress in SEO and social media.

For the past 20 years we have been committed to the highest ethical standards and improving those of the industry in which we operate. We are particularly passionate about our Stop Nuisance Calls campaign which we launched during 2014 and the Group remains at the forefront of efforts to drive out unsolicited texts and calls which our consumers tell us are a real issue.

Panel Law Firms

NAH prides itself on the relationships that it has with its PLFs, many dating back over ten years. Throughout 2014 we have continued to support our panel of leading specialist injury lawyers with data and information that will help them to understand best practice in running cases. This continuing investment in data sharing and advice is designed to improve our PLFs' profitability and further enhance the attractiveness of our cases.

During 2014, we have evolved and developed our PLF strategy. With increasing enquiries, we work hard to ensure that we are aligned with quality law firms who can handle large volumes of caseloads with the highest calibre of advice to our consumers, whilst delivering a cost effective service. PLFs need depth of resources, both legal and financial, to cope with constant growth in volumes. The success of our PLFs is closely entwined with our own success and is a significant focus of our attention. During 2014 the average price paid by PLFs was down 3.2%.

The membership of our Panel during 2014 has changed in line with our expectations, although with increasing volumes, we are beginning to explore new partnering arrangements that will allow us to better deal with volume growth. This allows us to develop alternative strategies for dealing with high growth in volumes cost effectively, whilst maintaining the quality of our panel.

Products

Providing first class products and services through our key partnership relationships is critical to our PLFs being able to process the case efficiently. In particular ATE is the cornerstone of 'no win no fee' and is fundamental to the consumer feeling confident in progressing a case without risk of any legal costs.

The Group's products continue to perform broadly in line with our expectations, although it has become clear that we need to adapt our non-medical negligence ATE product in the light of post-LASPO market practices. As a result we expect to launch a new product in the first half of 2015 that should be better suited to current market risk and pricing, and we expect this will deliver increased volumes during the second half of the year.

We have also trialled and will shortly be launching an enhanced medical negligence screening service. This service will accelerate the case progression and reduce cost risk for our PLFs, bringing more certainty to the legal process. We expect to see material benefit from 2016.

Key strengths

NAH benefits from a number of strengths which make it the ideal marketing and services provider for legal practices, connecting injured parties with high quality PLFs and promoting access to justice within the UK:

- Market leader which is well positioned to benefit from continued consolidation.
- Well recognised, trusted brand supported by differentiated marketing, established through more than £200 million of media spend since 1993.
- Brand media spend, marketing know-how and PLF relationships that act as barriers to entry.
- Focused on the highest growth segments of a large, fragmented market.
- Strong financial performance supported by high cash generation and a robust balance sheet.
- Experienced management team with proven ability to manage change.

1 Source: Independent research, The Nursery, 2014
2 Source: Google, December 2014
3 Source: Neilsen Media Research 2014

Chief Executive's review *continued*

Operations
Our contact centre in Kettering dealt with 248,000 consumer contacts in 2014 (2013: 225,000) and is the crucial link between the consumer and the solicitor that will handle their case. Our ability to filter calls and pass on only cases with real merit is critical to the value that our PLFs get from our relationship.

Throughout 2014 we have been successful in eliminating a larger number of spurious and hoax calls whilst increasing the conversion of leads to enquiries. It is critical that we only pass enquiries that have a significant chance of success to our panel. Calls with higher chances of success are clearly more valuable to our PLFs. We continue to drive improved performance in NAH and our PLFs.

Our IT team has developed web services platforms that result in a seamless electronic data transfer for the consumer without the need to repeat information to the PLF. This is a key factor in conversion improvements and is an area for continued development going forward.

People
Our people are at the heart of what we do and fundamental to our continued success. Our employee engagement programme has continued throughout 2014 with a number of initiatives including:

- The launch of our Save As You Earn (SAYE) share scheme which was taken up by 52% of our staff at the time of IPO.
- Our biannual employee survey which was completed by 89% of staff and showed a significant improvement across all comparable metrics.
- The launch of an award-winning employee benefits programme.
- The launch of a new management development programme across the employee base, and a new values programme.
- The award of the Investors in People (IiP) standard.

I am particularly proud of the effort that we put into developing our talent and communicating with our team especially as they are the first point of contact for our consumers.

National Accident Helpline employees in our Kettering office

We set ourselves higher standards and our values are core to what we do. They distinguish us in our sector.

Our vision
To be the UK's leading marketing and services provider to our chosen legal markets.

Our mission
To be the partner of choice for law firms seeking to:

- attract and retain customers;
- utilise best in class products and services; and
- optimise business performance.

Our values

1 We are curious…
We question the status quo, seek to understand our customers and resolve how we could do things better for them.

2 We are driven…
We value achieving results, we strive to make them happen, we want to build something meaningful and have fun while we do it.

3 We are passionate…
We care about what we do and how we do it, we empathise with our customers and keep our promises.

4 We are unified…
We are one team committed to acting with integrity, taking individual responsibility for our actions whilst trusting and respecting each other.

90%

90% of our inbound calls are answered within ten seconds.

Acquisition

The Group acquired Fitzalan in February 2015 signalling our commitment to strategic growth. Fitzalan was founded in 2011 and provides lead generation services to law firms and surveyors in the residential conveyancing sector. The addition of Fitzalan to the Group allows us to extend our reach into broader legal markets and utilise our advantage and skill set from the PI market to capitalise on the significant growth opportunities already identified. We look forward to the contribution Fitzalan will make to the wider Group and welcome the team to NAHL.

Outlook

We have made good progress throughout 2014 and we intend to continue this journey in 2015 driven by controlled enquiry growth and innovative product and service development.

The PI market remains large and fragmented and despite our leadership position, the Group has plenty of opportunity to continue increasing its market share and develop our product offerings. Whilst we expect the consolidation gains in RTA that have contributed to the growth in 2014 to have been largely realised, the opportunity to continue to develop our market share in our key higher value target segments of non-RTA and medical negligence remains.

The continued development of our PLF strategy will ensure that we work with high quality law firms capable of handling increasing numbers of enquiries. This will ensure we continue to manage volume growth.

The development of a new ATE product and the launch of the enhanced medical screening service will ensure we continue to benefit from good returns in the products area.

There are no significant planned regulatory developments that will have any material effect on our progress and our PLFs can continue to develop their business as a result of working with NAH. The NAH brand goes from strength to strength and we are confident this will cement our leadership position even further.

Russell Atkinson
Chief Executive Officer

Strategy for growth

NAHL is well positioned to take advantage of the growth opportunities provided by the consumer legal market.

Our vision is to be the UK's leading marketing and services provider to our chosen legal markets.

Strategy

The IPO has positioned NAHL well to move into the next phase of its growth. Over the years the Group has developed into an acknowledged leader in supporting the legal industry by attracting consumers, assessing their needs and providing products and services to support the PLF. The opportunity exists to grow by further enhancing our offerings and supporting a wider range of legal markets.

This growth strategy is based upon the following key areas:

Market share growth

The legal services market is large and highly fragmented. Despite its leadership position NAHL still has a relatively small market share in both PI and residential conveyancing. This gives us the opportunity to focus on the key PI growth sectors of non-RTA and medical negligence to further increase our share. The Group has historically been stronger in these markets which are perceived as more valuable by our PLFs. Further focus on these segments can generate better value from our mix of enquiries.

In addition growth opportunities also exist at Fitzalan since internet search for conveyancing is at a relatively early stage of its development.

Partnership development

Over the last 18 months we have been working in partnership with our PLFs to develop data sharing across the life of the case. NAH aggregate this data and can use it to share best practice with our partners. This will increase firm profitability and enhance the value of our enquiries. This will allow us to understand the return generated by our PLFs at a granular level and enable us to target our marketing more efficiently.

Providing a broader range of legal services to our PLFs, many of which offer both conveyancing and PI, will further cement our relationships.

Product and service development

Extending the range of products and services, an important driver of our profitability, has a direct impact on our results. By extending our range of services and optimising our commercial arrangements we can further develop this part of our business.

Throughout 2014 we have been developing and testing a new type of medical negligence screening service which will significantly reduce case lengths, handling costs and settlement times for these extremely complex cases. Initial trials have proved successful and this service will gradually be rolled out in 2015.

We have also been investigating the opportunity to aggregate volume of quasi administrative tasks that our PI PLFs currently perform. These can be outsourced to the Group and completed at a lower cost than an individual firm could negotiate. During 2014 we rolled out our enhanced capture service which takes more data during the initial call and prepares it for our PLFs. This has the benefit of increasing conversion of enquiries as the consumer experience is seamless and the solicitor has knowledge of the consumer thus avoiding repetitive questions.

Fitzalan presents further exciting opportunities to provide added value services to specialist areas of the residential legal services sector.

Targeted acquisitions

A key benefit of our plc status is the ability to utilise the cash generated in the business to fund acquisitions. NAHL will continue to focus on a small number of right-sized income-generative acquisitions that either add value to our core PI business or enable us to extend into related areas of consumer law where we can replicate our model in different markets, as we have done with Fitzalan.

Fitzalan Partners acquisition

The acquisition of Fitzalan represents the Group's first move into an adjacent consumer legal services market. Fitzalan was founded in 2011 out of Fridays Property Lawyers, and is based in Hatton Garden, London.

The company is an online marketing specialist targeting home buyers and sellers in England and Wales through its four web-based platforms; Fridaysmove; In-Deed; Surveyor Local and Homeward Legal. Through these platforms, Fitzalan generates confirmed leads for conveyancing and home surveys in England and Wales, and offers these to PLFs and panel surveyors.

The success of the business model lies in Fitzalan's expertise in marketing to a large number of consumers, processing incoming enquiries through a full sales cycle and converting these into confirmed instructions rather than the partially qualified leads typical of the rest of the market. The conveyancing and surveying panel firms prefer to concentrate on their core skills and benefit from the expertise of Fitzalan's marketing and sales capability, rather than try to do this themselves. In many respects this proposition is similar to the benefit that NAH offers in the PI market.

Customers are attracted to the proposition due to the assurance provided in dealing with the company's brands:

- Highly competitive fixed fees on conveyancing transactions.
- Enhanced service features such as Search Plus Protection and No Sale No Fee.
- Quality assurance through a comprehensive PLF service level agreement.
- Service mediation in the event of client complaints.
- Advice and information on the conveyancing and surveying process.

Fitzalan currently generates enquiries in the form of incoming calls, online call-back requests and specific leads generated by its web quote engines. Confirmed conveyancing instructions from consumers are then passed to one of over 50 PLFs, who pay Fitzalan a marketing fee per instruction. Additional revenue is generated through agreements that Fitzalan has with related suppliers such as search and surveyor companies, who deliver complementary services which facilitate the customer instruction.

Fitzalan's surveyor panel comprises around 150 firms of Royal Institute of Chartered Surveyors (RICS) qualified surveyors. The business markets Home Buyer Reports and Building Surveys to both buyers and sellers and provides its survey panel with a steady, controllable workflow, allowing them to plan their workload efficiently.

The acquisition of Fitzalan has a powerful strategic rationale:

- It broadens NAHL's portfolio by providing access to a new market within consumer legal services.
- NAHL has a similar but more mature business model, and can generate real value by bringing their experience to bear in refining and extending Fitzalan's operations.
- There are opportunities to use NAHL's core skill sets and resources to grow a closely related business.

Despite the fact that there were over 1.2m[1] residential property transactions in 2014, both the conveyancing and the home surveying markets are fragmented. There is significant potential to continue to grow Fitzalan's market share (which is less than 1%), and at the same time develop new sources of business that can significantly enhance both market share and bottom line growth in future years.

"Superb service, extremely competitive, was kept up to date at every step and always returned my calls if I couldn't reach you. Would definitely recommend to anyone involved in a sale or purchase or both. 5 star."

Mr Michael and Mrs Sharon R
(Fridaysmove)

1 Source: Land Registry data, 2014

Chief Financial Officer's review

NAHL's business model is very cash generative and we continue to return operating cash in excess of 90% of operating profits.

Trading results

	2014 £m	2013 £m
Operating profit (excluding share-based payments, one-off items and pre-LASPO ATE)	**12.7**	9.8
Share-based payments	**(0.3)**	–
One-off items	**(0.6)**	–
Pre-LASPO ATE operating profit	**–**	9.4
Total operating profit	**11.8**	19.2
Financial income	**0.6**	0.3
Financial expense	**(0.3)**	(4.8)
Profit before tax	**12.1**	14.7

Operating profit from continuing activities and before share-based payments, one-off items and pre-LASPO ATE increased by 29.3% to £12.7m. This was driven by good revenue growth and an improvement in our gross profit margins. Efficient marketing, improved performance from SEO and an increase in the number of enquiries due in part to market consolidation in RTA allowed us to reduce the cost per enquiry to our PLFs by 3.2% yet still enjoy an increase in the overall gross margin from 41.9% to 45.5%.

Our business model and control of central costs ensures that increases in gross margin convert well into operating profit and as a result our return on sales increased from 24.7% to 29.0%; we remain on track to achieve our target of 30%.

After allowing for share-based payments, one-off IPO related items and financial income and expense the business returned a profit before tax of £12.1m which is ahead of market expectations.

Taxation

The Group's tax charge of £2.6m represents an effective tax rate (ETR) of 21.5% (2013: 29.9%). The 8.4 percentage point decrease in the ETR represents a combination of reduced tax rates in the UK, the repayment of loan notes in 2013 which were not fully deductable and £480k of financial income in 2014 which is not a taxable income to the Group.

Earnings per share (EPS) and dividend

Basic EPS is calculated on the total profit of the Group and most closely relates to the ongoing cash which will be attributable to shareholders and in turn the Group's ability to fund its dividend programme. The Remuneration Committee uses the same metric in assessing the remuneration of its Executive Directors (see remuneration report). The Group also has a number of share options outstanding (see note 19 of the financial statements) which results in a Diluted EPS.

29.3%

Underlying operating profit of £12.7m increased by 29.3%.

Basic EPS for the year was 20.6p (2013: 23.0p), the reduction is as a result of the pre-LASPO ATE profits and Diluted EPS was 20.2p (2013: 22.5p).

The Directors have proposed a final dividend of 10.7p reflecting the Group's stated policy of paying out two thirds of its retained earnings. The ability to pay this level of dividend is due to the solid financial performance for the year, a robust balance sheet with positive net cash and the ongoing cash generative nature of the business. With the 5.0p interim dividend paid in October 2014 the full-year dividend will be 15.7p. The full-year dividend per share is covered 1.5 times by the continuing operations EPS of 23.0p.

Operating cash generation

	2014 £m	2013 £m
Operating profit (excluding share-based payments, one-off items and pre-LASPO ATE)	**12.7**	9.8
Depreciation	**0.2**	0.2
Working capital movements (excluding discontinued activities)	**(0.5)**	0.4
Net operating cash generated from operating activities	**12.4**	10.4
Net operating cash generated as a percentage of operating profits	**97.6%**	106.3%

NAHL's business model is very cash generative and we continue to return an operating cash conversion in excess of 90% of operating profits. In 2014 the level was 97.6% (2013: 106.3%). A major factor in our conversion is that our solicitor income is fully paid by direct debit within the month of invoice and our commissions earned on our product offerings are also received in a timely manner.

Balance sheet

	2014 £m	2013 £m
Net assets		
Goodwill	**39.9**	39.9
Adjusted net cash:		
Cash and cash equivalents	**13.6**	14.2
Borrowings	**(5.9)**	(6.9)
Other payables relating to discontinued pre-LASPO ATE product	**(6.5)**	(12.1)
Total adjusted net cash	**1.2**	(4.8)
Other net liabilities	**(4.9)**	(4.9)
Total net assets	**36.2**	30.2

The Group's net assets at 31 December 2014 were £36.2m (2013: £30.2m) reflecting the retained earnings for the year and the changes in the financial structure implemented as part of the IPO.

The significant balance sheet items are goodwill, adjusted net cash (which includes cash and cash equivalents, borrowings and other payables relating to a legacy pre-LASPO ATE product) and other net liabilities.

Goodwill

The Group's goodwill of £39.9m (2013: £39.9m) arises from the business acquisition of NAH. Management reviewed the goodwill value for impairment as at 31 December 2014 and believes there are no indications of impairment.

Adjusted net cash

The Group considers that its adjusted net cash comprises cash and cash equivalents, other interest-bearing loans and borrowings and other payables relating to legacy pre-LASPO ATE product. At 31 December 2014 adjusted net cash was £1.2m (2013: adjusted net debt £4.8m).

Cash and cash equivalents

At 31 December 2014 the Group had £13.6m of cash and cash equivalents (2013: £14.2m). Since the year end the Group has utilised £3.0m of this to fund the initial consideration for the acquisition of Fitzalan (with a further amount of up to £1.3m to be paid by 31 December 2015) but still retains a healthy level of cash. All of the Group's cash is held in its trading entities and the Group takes advantage of medium term deposit rates in maximising its interest returns.

Borrowings

At 31 December 2014 the Group had £5.9m of other interest-bearing loans and borrowings (2013: £6.9m). The Group refinanced its borrowing arrangements during the year as follows:

Date due	£m
31 December 2015	2.95
31 December 2016	2.95

The current rate of interest payable on these borrowings is 2.5% above LIBOR.

Other payables relating to a discontinued pre-LASPO ATE product

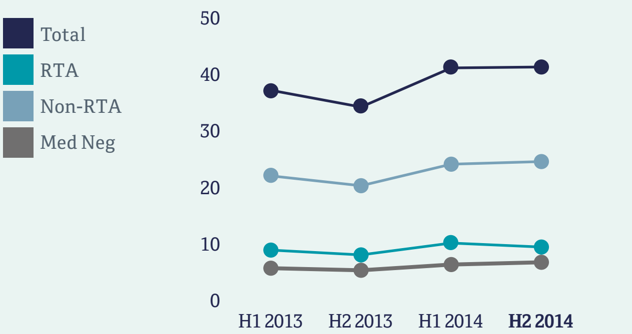
At 31 December 2014 the Group had £6.5m of other payables relating to a legacy pre-LASPO ATE product (2013: £12.1m). This amount is repayable to Allianz for previously received commissions when certain of the policies either fail or are abandoned. The provision is calculated using actuarial rates and is likely to be materially repaid by the end of 2016.

Equity restructure

It is the Board's intention at its AGM to seek shareholder approval to restructure its merger reserve and share premium accounts through the normal court procedures. This ensures that the Group has maximum flexibility to access reserves within the Group to support its future dividend policy.

Key performance indicators

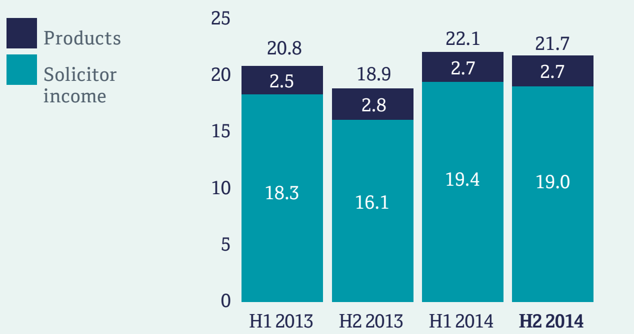
Enquiries 000s



Enquiries are the basis of generating solicitor income revenue and ultimately additional product revenue.

During H1 2013 the business changed its approach as a result of LASPO and focused on generating a more cost efficient level of enquiries. Having introduced this strategy the Group then saw a good increase in enquiries in 2014 (up 15.3% on 2013) as a result of marketing efficiencies and market consolidation.

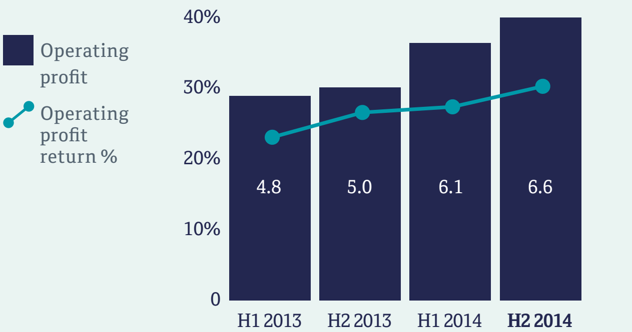
Group revenues £m



Revenue is earned from solicitor income (the charge to PLFs for providing a postcode exclusive transfer of enquiries) and products used by PLFs to operate the cases (ATE, medicals, costs).

During 2014 the business saw the benefit of the increase in enquiry volumes with H2 revenue 15.2% up on the same period in the prior year. Product revenue has remained relatively flat mainly due to the expected decline in products impacted by LASPO. Ongoing products have grown 11.2% year on year.

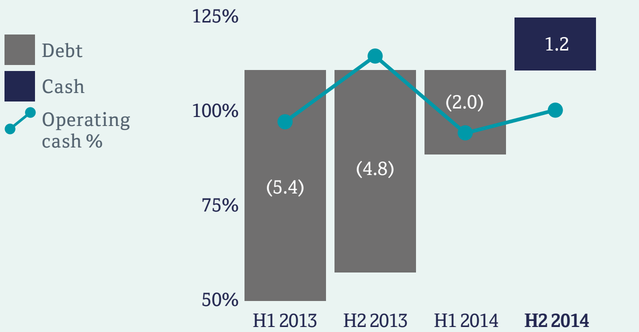
Group operating profit £m and operating profit return %



Operating profit is a key measure for the Group. The Group measures this by the sectors of solicitor income, products and then in total after the allocation of Group costs.

The Group has enjoyed consistent growth in its operating profit and has seen its overall return on revenue increase from 23.0% in H1 2013 (and 24.7% in 2013 full year) to 30.6% in H2 2014 (and 29.0% in 2014 full year).

Net (debt)/cash £m and cash conversion %



The business continues to have a very strong operational cash generation conversion (2014 97.6%, 2013 106.3%) and as a result has seen an improvement in overall net cash from £4.8m net debt in December 2013 to £1.2m net cash in December 2014. The Group continues to target its overall operating cash generation in excess of 90%.

The Group has performed well in 2014 and has a robust balance sheet with adjusted net cash. Our strong cash generation metrics mean we will continue to have good levels of cash in order to fund our stated dividend policy and to acquire good earnings accretive businesses in the legal services market.

Steve Dolton
Chief Financial Officer

Risks

The following sets out the Group's principal risks that the Board considers may have a material impact on the Group's financial performance.

The Board has ultimate responsibility for setting the Group's risk appetite and for effective management of risk. An annual assessment of key risks is performed by the Executive Directors and presented to the Board. A risk register is maintained and regularly reviewed by the Executive Directors. All risks take into consideration the likelihood of the event occurring and the impact of that event. Once the risks have been assessed appropriate mitigation actions are determined for each key risk identified.

Principal risk	Description	Mitigation
Regulatory	The Group and its PLFs are subject to an extensive regulatory and legal framework. This includes the need to comply with the provisions of the LASPO and regulation by either the Claims Management Regulation Unit (CMRU) or the Solicitors Regulation Authority (SRA). Regulations and laws are open to change and in the event either the Group or its PLFs fails to make the necessary changes then corrective action may be required.	The Group will continue to monitor regulatory and legal developments and use these to underpin its strategic and competitive response and ensure compliance with its obligations. It will also continue to work with its PLFs to ensure they comply with relevant regulations. The business model has proven to be adaptable and resilient to change over a number of years and the business has continued to develop through the various regulatory changes.
Market and competition	The Group operates in a competitive market and although a number of competitors have left the market in 2014 the Group could still face competition from other consumer marketing businesses in the legal services market. The Group is also reliant on the PI sector for the majority of its revenue and profits.	The Group has historically taken market share and with its strong brand and leadership positions acting as a continued barrier to entry the Group will continue to compete effectively against the competition. The recent acquisition of Fitzalan supports the Group's strategy to develop into other chosen legal markets through targeted acquisitions which helps to mitigate its reliance on the PI sector.
PLFs	The Group is dependent upon its PLFs to take its enquiries each month and to pay for these enquiries prior to the satisfactory completion of the case by the PLF. Any termination by the PLF of this relationship or any significant change in the financial situation of the PLF could have a material impact on the financial performance of the Group.	The Group continues to provide its PLFs with high quality enquiries that ensure the PLF maximises its financial performance. The Group has a number of panel relationships and ensures that no single PLF accounts for more than 20% of the Group's business each month. The Group continues to explore new PLF relationships to ensure there is a replacement PLF available in the event of termination of any existing relationship.
Reliance on TV and online marketing	The Group relies upon its TV and online marketing strategy to retain its market leading position in the PI sector. Any significant change in technology, cost increases, changes to search engine algorithms or terms of services could impact the Group's ability to maintain its high rankings on search results and ultimately lead it to having to spend more resource and expenditure to meet its financial results.	The Group has extensive experience of managing its marketing strategy through a combination of internal marketing experts and external agencies. The relationships with the external agencies go back many years and ensure the Group has flexibility and the speed required to react to the potential risks outlined.
Brand reputation	The Group's success and results are dependent in part on the strength and reputation of the Group and its NAH brand. The Group relies on its brands which includes NAH and on its advertising character, the Underdog, and is exposed to the risk of the brand being tarnished via any significant adverse publicity.	Brand performance is tracked and measured on an ongoing basis to ensure that it remains ahead of competitors and delivers compelling messages which drive consumer contacts. The Group is also active in public affairs and thought leadership, effectively lobbying in areas of importance to the sector, demonstrated through activities such as the Stop Nuisance Calls campaign. This ensures the Group maintains its brand trust ratings and its reputation.
Dependence on key personnel	The Group's future growth and success depends, in part, upon the leadership and performance of its Executive Directors and senior management team. The loss of any key individual or the inability to attract appropriate personnel could impact on its ability to execute its business strategy successfully which could negatively impact upon the Group's future performance.	The Group maintains competitive and attractive employment terms and conditions, fully empowering key individuals and allowing them to maximise their job satisfaction. The Group incentivises key management through annual incentive plans in the short term and through share options for medium and long-term retention.

Corporate social responsibility

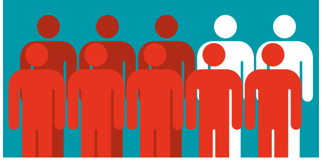
Thought leadership

As an ethical market leader, the Group sets the standards in our chosen markets and in so doing acts in the best interest of our consumers, Panel Law Firms and our shareholders.

> We take our role as an ethical business and consumer champion very seriously, and have taken positive steps in 2014 to enhance our thought leadership status and reinforce the vital requirement for legitimate access to justice.
>
> **Russell Atkinson**
> *Chief Executive*

NAHL never cold calls or cold texts and has campaigned against nuisance marketing for many years.

81%
of the population receive cold calls regularly



73%
of people do not think the government is doing enough to prevent cold calls

66%
of people are not confident they know where to report cold calls

Our independent research shows that millions of UK consumers are plagued by nuisance calls and two thirds do not know where to turn to stop them.

Standards for the industry

It is vital that we establish our thought leadership status, particularly in the PI sector where misperceptions persist and can undermine the valuable role that ethical companies like NAH play in helping genuine injury victims access justice. We welcome proportionate regulation that reduces fraud but does not inhibit access to justice and have lobbied government and worked alongside regulators to effect positive change for our consumers and industry. In 2014 we launched two strategic communications campaigns ('The Real Cost of Injury' and 'Stop Nuisance Calls') which focused on the plight of UK consumers and reinforced our role as a consumer champion. We proactively encourage our sector and other industries to act with integrity as demonstrated in our Stop Nuisance Calls campaign.

Access to justice

People who have suffered a personal injury through no fault of their own should be entitled to redress which helps them to resume their life and work, in so far as is possible. Our research shows that 81%[1] of personal injury victims used their compensation to offset losses or costs associated with their injury.

The PI sector is subject to unjustified negative misperceptions which hinder access to justice for legitimate claimants and as a market-leader we believe it is important to draw attention to the plight of these individuals.

NAH helps over 200,000 people every year to understand whether they have a legitimate claim. We sift out two thirds of the consumer contacts made to us each year and only pass the remaining enquiries on to our PLFs. It is not in our interest, nor that of our PLFs, to proceed with cases which do not have merit.

The impact of personal injury

In April 2014 we commissioned independent research to inform our report on The Real Cost of Personal Injury and it was clear that the impact of a personal injury goes beyond inconvenience and physical pain, to significant financial and emotional hardship. The impact is not limited just to the individual, it extends to families and co-workers, with more than two thirds of work colleagues citing that they are affected if a colleague suffers a personal injury. Our research showed that 88% of 18-24 year olds who suffered a personal injury lost earnings as a result and almost a third were worried about losing their job.

Despite media and government concerns over a compensation culture, our research[1] has revealed these fears to be overstated and at worst, discourage genuine claimants from seeking the justice they deserve. The positive effect of financial compensation for an individual is relatively easy to measure, but the psychological benefits of the right kind of legal and rehabilitation support are harder to quantify.

NAH effectively used The Real Cost of Personal Injury Report to initiate discussions with both the media and key stakeholders to highlight the plight of the personal injury victim and why it is important they get access to the justice they deserve.

STOP NUISANCE CALLS

NAH has never used cold calls or spam texts to attract new consumers and is fully aware how frustrating, intrusive and often distressing these calls can be. Unfortunately, some other companies do use these underhanded techniques, and we even receive complaints from consumers who have been targeted by cold calls and texts from companies purporting to be NAH. We take these matters very seriously and report all incidents to the appropriate authorities.

In October 2014 we commissioned an independent survey which revealed that UK consumers don't know where to turn when they become a victim of nuisance calls and texts. As a result, we introduced a three-step campaign, Stop Nuisance Calls calling upon the government to:

1. set up a one-stop complaints process to clarify how to stop unwanted cold calls and make an effective complaint;
2. take stronger legal action against cold calls coming from international numbers, alongside ongoing work to ensure regulators can prosecute domestic cold calls more effectively; and
3. enforce simple, clear and consistent 'opt-ins' to email marketing or calls, that don't trick or confuse consumers.

We are pleased to see that on 25 February 2015 the Government lowered the threshold required for the Information Commissioner's Office (ICO) to impose fines and increase penalties for cold calling offenders.

1 Source: The Real Cost of Personal Injury Report, 2014

Corporate social responsibility

Our people

Our people are the foundation of the Group's success and we recognise that employee development is vital to continue our growth.

Growing our future leaders and nurturing our resources

In 2014 we launched an Employee Development Programme following the principles of the Institute of Leadership and Management (ILM). The 18-month programme is a combination of internal coaching and training, with external tutoring, and is assessed through practical, coaching and theory based assignments.

The programme ensures we build our talent pool from within; reinvesting time and money in the business through our people. Other benefits include improvements in thought leadership and innovation, and enhanced productivity and capability.

Across the three tiers of the programme (ILM level 3, 4 and 5 certificates) we are currently developing nine of our potential future leaders, giving them the skills that bring value to them and our business.

This focus on development extends throughout the workforce with on the job training, coaching and mentoring central to the progress of our people. Starting with a comprehensive induction programme, we equip our people with the skills required to ensure they are making a valuable contribution from day one. Our LSAs and contact centre employees progress through a variety of training modules and environments, coaching, skills and knowledge assessments. We monitor their ongoing performance through a customer experience scoring system. Developed in conjunction with employees, the system is a positive coaching tool that sets clear delivery expectations across the entire consumer journey.

Our senior managers receive regular coaching sessions to ensure they remain expert in their field and are skilled at leading their people to success. This is carried out on a one-to-one basis and addresses key leadership capabilities and performance.

In our 2014 Employee Opinion Survey (89% response rate), the strength of our senior leaders was recognised with 93% of respondents having confidence in the leadership skills within the business.

INVESTORS IN PEOPLE

Investing in our people

At the beginning of 2015 we received our Investors in People accreditation. This is a rigorous, objective assessment of how we lead, manage, develop and communicate with our people and measures it against best practice standards.

The Group is focused on continuous improvement and has embarked on a development plan dedicated to maintaining this standard and ensuring that as an employer we can continue to attract, retain and develop talent.

Creating a great place to work

Our employees are fully committed to our Code of Conduct ensuring that we deliver to the highest standards of honesty, integrity, respect and fairness when dealing with each other, our consumers, partners and suppliers.

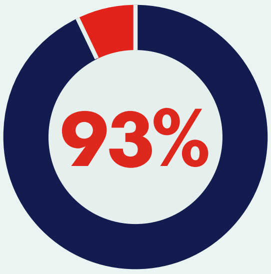
We have a strong team ethos across the business and are focused on creating a great place to work for our people. Our corporate values underpin how we do business and encourage a curious, driven, passionate and unified workforce. We encourage diversity across gender, ethnicity and age range and have built a diverse, lively workforce.

A culture of recognising our people and celebrating success is key to ensuring our people feel valued for the work they do. Great behaviours are recognised through our Values Champion Recognition Scheme, as well as rewards through prize draws, incentives and social events. Our new cash-back and discounts reward package was winner of a Reward Gateway Benefits Excellence Award in 2014, in recognition of the targeted approach we took to developing the scheme for our workforce, based on their needs.

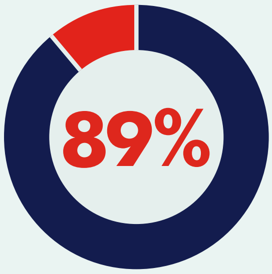
"I've worked for National Accident Helpline for over 12 years and feel a great sense of pride from helping others. During my time here the Personal Injury sector has changed but the regular training and coaching sessions I receive enable me to develop my skills and knowledge to ensure I can continue to listen to and support our consumers in the right way. People tell us what a difference we make to their recovery journey and that is really satisfying."

Riv Singh
Legal Service Advisor

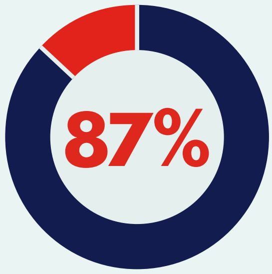
Employee survey highlights (2014)



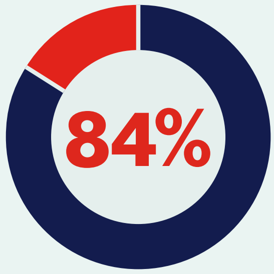
Have confidence in the leadership skills across the Company.



Believe that the Company makes a positive difference to others.



Are happy with how senior leaders seek their views.



Feel loyal to the Company.

I was delighted to be selected for the Employee Development Programme. It’s a great opportunity to learn more about the business and invest in my career at National Accident Helpline. I’m gaining valuable skills and knowledge which I will be able to give back to the business in the future.

Kelly Affronti
Legal and Compliance Officer

Corporate social responsibility

Our community

Giving something back is important to our employees and they have always been enthusiastic about volunteering and raising money for charity.

The support of National Accident Helpline has been fantastic. By raising over £10,000 in 2014 they've helped us to fund six life-saving missions. Without fundraising efforts I wouldn't be able to get to the people who need help the most, sometimes following horrific accidents. It's company donations and support that keep our helicopters flying.

Paul Hogan
Pilot, The Air Ambulance Service

£10,000

We raised over £10,000 for The Air Ambulance Service in 2014.

Supporting our community

In 2014 our employees voted overwhelmingly to support The Air Ambulance Service including the Warwickshire & Northamptonshire Air Ambulance (WNAA), Derbyshire, Leicestershire & Rutland Air Ambulance and the national Children's Air Ambulance.

Over the past year we have formed a successful working partnership with the Air Ambulance Service which saw over £10,000 raised in 2014. By giving their time and fundraising for this worthwhile cause, our employees exceeded our target and helped to keep the helicopters flying. In total, the money we've raised to date will cover the cost of six life-saving missions.

When it came to showing their support, our employees took part in a range of creative fun and challenging activities from dragon boat racing, endurance events and cycle challenges to cake baking competitions and quiz nights.

Team spirit

Every employee supported The Air Ambulance Service in one way or another throughout the year, with over two thirds of employees taking part in a fundraising event or challenge themselves.

In autumn 2014 two teams of employees went head-to-head (as well as against other companies) in The Big £50 Business Challenge, hosted across Northamptonshire. The competing teams, each sponsored by an Executive Director, started with just £50 cash and used their commercial, entrepreneurial and innovation skills to multiply their cash in aid of The Air Ambulance Service. Our teams raised £1,500 and won the Enterprise, Special Recognition and Entrepreneur of the Year Awards.

Continuing the support

Our support for The Air Ambulance Service will continue into 2015 with new challenges, and enthusiastic involvement from our people. We will also enhance our participation in the local communities where we operate and we intend to engage with local education, business and charities.

In 2014 we asked employees for ideas on how to engage more with our local community. Following a shortlisting process, we chose to explore a partnership with local education which will see us share the skills and expertise of our people with young people preparing to enter the world of business.

Team challenge

One of the highlight events within our fundraising plans for 2014 was the Way of the Roses cycle challenge. A team of eight riders, including Chief Executive Russell Atkinson, cycled a gruelling 167 miles from Morecombe to Bridlington over three days.

The ride covered quaint riverside trails and strenuous climbs in the Yorkshire Dales. By the end of the challenge on day three our team had braved the weather, overcome bike failures and repairs and had raised over £1,000 towards our £10,000 target for the year.

Board of Directors

Gillian Kent
Non-Executive Director

Steve Dolton
Chief Financial Officer

Russell Atkinson
Chief Executive Officer

Steve Halbert
Chairman

Samantha Porteous
Non-Executive Director

Steve Halbert

Chairman

Steve Halbert is Non-Executive Chairman of the Group, which he joined in 2010. Steve is Chair of the Audit Committee and Nomination Committee and has over 25 years' Board experience.

Steve is also Chairman of Safestyle UK plc, an AIM-quoted retailer and manufacturer of replacement doors and windows.

Prior to this, Steve held various Board positions including Chairman of United House, Non-Executive Director at Employment Services Holdings, and Executive Chairman of GVA. Prior to this, Steve worked as a Senior Corporate Financier for 15 years at KPMG UK.

He is a qualified Chartered Accountant and is a fellow of the ICAEW.

Russell Atkinson

Chief Executive Officer

Russell Atkinson became Chief Executive Officer of NAHL, following Admission. He joined the Company in 2012 as Managing Director of National Accident Helpline and had a pivotal role in implementing its strategy post-LASPO.

His responsibilities include developing and implementing the Group-wide strategy and ensuring delivery of budgeted financial performance.

Prior to joining NAHL, Russell held Managing Director roles at international firms including UK Managing Director of Lebara Mobile Limited, Managing Director of Blackhawk Network (UK) Limited, a division of Safeway Inc. and Director of E-Payments at Travelex.

Russell holds a Bachelor of Arts from Leicester Polytechnic and a diploma in marketing from The Chartered Institute of Marketing.

Steve Dolton

Chief Financial Officer

Steve Dolton is Chief Financial Officer of the Group having joined in 2012.

His responsibilities include overall management of the finance function within the Group and liaising with the Group's investors and the banks.

Steve has over 20 years' experience as Finance Director. Prior to joining NAHL, he was Chief Financial Officer of several companies including NSL Services Group, Azzurri Communications Limited, Safety-Kleen Group (European operations) and Walker Dickson Group Limited. Prior to that, Steve worked in various financial roles with Peek Plc, including a two-year period in Asia as Regional Controller.

He is a qualified Chartered Accountant and has been a member of the ICAEW since 1989, having qualified with Grant Thornton LLP. He is a fellow of the Institute of Directors in the UK, and holds a Bachelor of Arts from Huddersfield Polytechnic.

Samantha Porteous

Non-Executive Director

Samantha Porteous became a Non-Executive Director on Admission, and is currently also Chair of the Remuneration Committee. Prior to this she was CEO of NAH Ltd from 2009 to 2011 and then Group CEO until the IPO.

She joined the Group in 2006 as Finance Director after the LDC management buyout. Prior to this she held a number of senior finance roles at Nexus Media Ltd, Thomson Scientific Ltd (part of the publicly listed company Thomson Reuters), and Reed Elsevier.

Samantha is a fellow of the Chartered Institute of Management Accountants (CIMA).

Gillian Kent

Non-Executive Director

Gillian Kent became Non-Executive Director in November 2014.

Gillian is a co-founder of private company Skadoosh where she remains as Chief Executive Officer and is also an independent Non-Executive Director at Pendragon plc.

Her executive career in the digital and online sectors includes senior roles at Microsoft where she was Managing Director of its largest online business in the UK, MSN UK. Gillian has also served as Chief Executive Officer and Digital Consultant at GK Associates, Chief Executive Officer at Propertyfinder.com, and Director of Strategy and Business Development at Microsoft (MSN).

With effect from the 2015 Annual General Meeting, Gillian will chair NAHL's Remuneration Committee.

Directors' report

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

Results and dividend

The Group's profit after tax for continuing operations for the year was £9.5m (2013: £10.3m).

The Directors propose a final dividend of 10.7p per share (2013: £nil) which, subject to approval at the Annual General Meeting will be paid on 29 May 2015 to shareholders registered on 24 April 2015.

Details of significant events affecting the Company and Group since the balance sheet date are given in note 27 to the financial statements. A fair review of the business including future developments is included in the strategic report on pages 1 to 27.

Directors' third party indemnity provisions

The Company maintained during the period and to the date of approval of the financial statements indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Capital structure

Details of the Capital Structure can be found in note 18 of the consolidated financial statements. The Company has employee share option plans in place, full details of which can be found in note 19 to the financial statements.

Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, other receivables, interest-bearing loans and trade payables. Further details on financial instruments are given in note 21 to the financial statements.

Directors

Biographies of the present Directors of the Company are listed on page 29.

Details of the remuneration of the Directors is disclosed in the Remuneration Report on pages 33 to 38.

Political donations

No political donations were made during the year or the previous year.

Disclosure of information to the Auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

KPMG LLP have been appointed as Auditor and have expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Other information

An indication of likely future developments in the business and particulars of significant events which have occured since the end of the year have been included in the strategic report on pages 1 to 27.

Going concern

The Group's business activities, together with risk factors which impact these activities are included within the Chief Financial Officer's review on pages 18 to 20. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Chief Financial Officer's review. Having regard to the matters above, and after making reasonable enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue operations for the foreseeable future. For that reason, they continue to adopt the going concern basis in the preparation of the accounts.

Approved by the Board of Directors and signed on behalf of the Board.

Steve Dolton
Chief Financial Officer
23 March 2015

Corporate governance report

The UK corporate governance code

Companies listed on the main market of the London Stock Exchange are required to comply with the UK Corporate Governance Code. NAHL Group plc's shares are traded on AIM and as such, the Company is not subject to the requirements of the UK Corporate Governance Code on corporate governance, nor is it required to disclose its specific policies in relation to corporate governance.

However, as a publicly quoted company, the Company will maintain appropriate standards of corporate governance. The UK Corporate Governance Code represents the 'gold standard'. However, the UK Corporate Governance Code was not designed with smaller companies in mind. Adherence to the full UK Corporate Governance Code is often impractical for smaller companies. In the past, in the absence of an alternative code, many AIM companies have adopted the UK Corporate Governance Code 'to the extent applicable'.

In July 2005, the QCA introduced a simple set of guidelines for corporate governance for AIM companies, which were updated in July 2007 and again in September 2010. According to the QCA, the guidelines have been devised in consultation with a number of significant institutional smaller company investors.

The Directors recognise the importance of sound corporate governance and the Company holds membership of the QCA and complies with the QCA Guidelines and the main provisions of the UK Corporate Governance Code, insofar as is practicable to do so for a company of NAHL Group plc's current size and stage of development, save in relation to certain Directors, who will not be independent because of the grant or proposed grant of options to them by the Company.

The Board of Directors operates within the framework described below.

Table of committees

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. Board meetings are held at least every two months and at such other times as the Directors deem necessary.

The Company has appointed Steve Halbert as the Company's Senior Independent Non-Executive Director. The Board has created a Remuneration Committee, an Audit Committee and a Nomination Committee where the current composition and responsibilities of the committees are as follows:

Audit Committee

The Audit Committee consists of Steve Halbert as Chairman, Gillian Kent and Samantha Porteous. It meets at least twice each year and is responsible for ensuring that the financial performance of the Company is properly monitored and reported on and for meeting with the Auditor and reviewing findings of the audit with the external Auditor. It is authorised to seek any information it properly requires from any employee and may ask questions of any employee. It meets with the Auditor at least twice a year and is also responsible for considering and making recommendations regarding the identity and remuneration of such Auditor.

Remuneration Committee

The Remuneration Committee consists of Samantha Porteous as Chairman, Steve Halbert and Gillian Kent. Gillian Kent will replace Samantha Porteous as Chairman after the AGM. It meets at least once each year and considers and recommends to the Board the framework for the remuneration of the Executive Directors of the Company and any other senior management. It further considers and recommends to the Board the total individual remuneration package of each Executive Director including bonuses, incentive payments and share options or other share awards. In addition, subject to existing contractual obligations, it reviews the structure of all share incentive plans for approval by the Board and, for each such plan, recommends whether awards are made and, if so, the overall amount of such awards, the individual awards to Executive Directors and the performance targets to be used. No Director is involved in decisions concerning his own remuneration.

Nomination Committee

The Nomination Committee consists of Steve Halbert as Chairman, Samantha Porteous and Gillian Kent. The Nomination Committee meets at least once each year and considers the selection and re-appointment of Directors. It identifies and nominates candidates to all Board vacancies and regularly reviews the structure, size and composition of the Board (including the skills, knowledge and experience) and makes recommendations to the Board with regard to any changes. The Company has adopted a share dealing code (based on the AIM Rules) and the Company takes all proper and reasonable steps to ensure compliance by the Directors and relevant employees.

The Board is also responsible for ensuring the Company's compliance with all applicable anti-corruption legislation, including, but not limited to, the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977. The Company complies and always has complied with all applicable anti-corruption laws. In view of the requirement in the UK Bribery Act 2010 for relevant companies to have adequate anti-bribery procedures, the Company has devised and implemented a suite of anti-corruption policies and procedures designed to prevent corruption by anyone working on its behalf. The Company has adopted a 'zero tolerance' approach to corruption and is committed to ethical business practices.

Corporate governance report continued

The Board of Directors

Director	Date appointed	Remuneration Committee	Audit Committee	Nomination Committee
Russell Atkinson	1 May 2014			
Steve Dolton	14 April 2014			
Steve Halbert	1 May 2014	✓	✓ (Chair)	✓ (Chair)
Samantha Porteous	14 April 2014	✓ (Chair)	✓	✓
Gillian Kent	3 November 2014	✓	✓	✓

Internal control

The Company has introduced policies on internal control and corporate governance. These have been prepared in order to ensure that:

- proper business records are maintained and reported on, which might reasonably affect the conduct of the business;
- monitoring procedures for the performance of the Group are presented to the Board at regular intervals;
- budget proposals are submitted to the local Board no later than two months before the start of each financial year;
- budget proposals are submitted to the Board no later than one month before the start of each financial year;
- accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements;
- the Group is provided with general accounting, administrative and secretarial services as may reasonably be required; and
- interim and annual accounts are prepared and submitted in time to enable the Group to meet statutory filing deadlines.

Communication with shareholders

Communications with shareholders are given a high priority by the Board of Directors who take responsibility for ensuring that a satisfactory dialogue takes place. This is achieved through its Annual Report, Interim Report and comprehensive website (www.nahlgroupplc.co.uk). There is also a regular dialogue between the Chief Executive Officer, the Chief Financial Officer and institutional investors and other financial institutions in addition to the required public announcements. A constant and up-to-date information flow is maintained on the website containing all press announcements and financial reports.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Russell Atkinson
Chief Executive Officer
23 March 2015

Steve Dolton
Chief Financial Officer
23 March 2015

Directors' remuneration report

Statement from the Chairman of the Remuneration Committee

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2014.

As an AIM listed Company, NAHL Group plc is not required to comply with the UK Listing Authority Rules or the UK Corporate Governance Code. Nevertheless, since its admission to AIM in May 2014, one of the key areas of focus of the Committee has been the development of a comprehensive remuneration policy. Furthermore, the Company is committed to a responsible and transparent approach in respect of executive pay and has decided to conform to best practice for a large AIM listed company in respect of executive remuneration reporting. The Company has therefore adopted a number of the key reporting requirements included within the new Directors' Remuneration Reporting regulations.

This report is presented in two sections: the Directors' Remuneration Policy and the Annual Report on Remuneration. The Directors' Remuneration Policy sets out the forward-looking remuneration policy. The Annual Report on remuneration provides details of the amounts earned in respect of the year ended 31 December 2014 and how the Directors' Remuneration Policy will be operated for the year commencing 1 January 2015.

Both the Annual Report on Remuneration and the Directors' Remuneration Policy are subject to an advisory vote at the 2015 Annual General Meeting. The Committee believes the advisory votes will provide a greater degree of accountability and give shareholders a say on this important area of corporate governance. The advisory vote on the Directors' Remuneration Policy will apply for three years, unless the Committee deems it appropriate to put the Policy to shareholders again before then.

Review of the 2014 financial year

As described earlier in the Executive's reports, the Company has performed well in its first year as a listed company with both revenue and underlying operating profit up on 2013 by 10.4% and 29.3% respectively. Consequently, the annual bonus conditions have been exceeded.

NAHL Group plc believes that the ongoing success of the Company depends to a high degree on retaining and incentivising the performance of key personnel. To this end, the Company adopted the Long-Term Incentive Plan, Enterprise Management Incentive Plan and SAYE Plan on its admission to AIM to align interests of senior management, and the wider workforce, with those of the shareholders. Subsequently, Executive Directors were granted long-term incentive awards with a face value of between £745,000 and £895,000, the vesting of which is subject to achieving average annual compound growth in Earnings per Share (EPS) of at least 10% over a three-year period ending 31 December 2016. The Committee considers EPS to be the key external measure of financial performance over the longer term in delivering value to shareholders.

Changes for the 2015 financial year

During 2014 the Committee commissioned Deloitte LLP to undertake a review of remuneration at NAHL and propose changes to the remuneration structure. As a result of the review, the Committee has agreed to the following key changes to Executive Directors' remuneration at the Company in 2015:

- Executive Directors were awarded a 2.5% increase to base salary in 2015.
- For 2015 the Chief Executive's maximum annual bonus award will be set at 100% of salary. The maximum annual bonus opportunity for the Chief Financial Officer is 70% of salary.
- Annual bonus awards for 2015 will be based on operating profit and individual objectives.

The Company has experienced considerable share price growth since its admission to AIM. Against this background, and in order to further align the interests of the Executives with the shareholders of the Company, the Committee intends to grant market value non-tax-advantaged share options under the Enterprise Management Incentive Plan to Executive Directors in 2015. It is intended that Russell Atkinson will be granted an award equal to 100% of salary and Steve Dolton will be granted an award equal to 80% of salary. The vesting of the awards will be subject to achieving average annual compound growth in EPS of at least 10% over a three year period ending 31 December 2017.

The Committee will continue to monitor remuneration policy to ensure it remains aligned to the business strategy and delivery of shareholder value.

Samantha Porteous
Chairman of the Remuneration Committee
23 March 2015

Directors' remuneration report continued

This section sets out the Company's Directors' Remuneration Policy, which will apply from the date of the 2015 Annual General Meeting. The Policy is determined by the Committee of the Company.

Key principles

The Company's remuneration package for Executive Directors has been designed based on the following key principles:

- promote the long-term success of the Company, with transparent and stretching performance conditions, which are rigorously applied;
- provide appropriate alignment between the Company's strategic goals, shareholder returns and executive reward; and
- have a competitive mix of base salary and short and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Company's performance.

Policy table for Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Fixed remuneration to provide a competitive base salary for the market in which the Company operates to attract and retain executives of a suitable calibre.	Salaries are reviewed annually taking into account: • underlying Group performance; • role, experience and individual performance; and • competitive salary levels and market forces.	No overall maximum has been set under the Policy. However, salary increases are reviewed in the context of the wider workforce increases.	Not applicable.
Benefits	To provide a market competitive benefits package as part of total remuneration.	Executive Directors receive benefits in line with market practice, and these include principally life insurance, private medical insurance and a car allowance.	Set at a level which the Committee deems appropriate.	Not applicable.
Retirement benefits	To provide an appropriate level of retirement benefit.	Executive Directors are eligible to participate in the Company's defined contribution pension plan.	Executive Directors currently receive nominal or no pension contributions. The Committee will review options to implement a defined pension contribution of up to 10% at a future date.	Not applicable.
SAYE Plan	To create alignment with the Company and promote a sense of ownership.	Executive Directors are entitled to participate in a tax qualifying all employee SAYE Plan.	Participation limits are those set by the UK tax authorities.	Not subject to performance measures in line with HMRC practice.
Annual bonus	Rewards performance against annual targets which support the strategic direction of the Company.	Awards are based on annual performance against key financial targets and/or the delivery of strategic/personal objectives. The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance.	Maximum bonus opportunity for the Chief Executive is up to 100% of base salary in respect of a financial year. Maximum bonus opportunity for the Chief Financial Officer is up to 70% of base salary in respect of a financial year.	Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual targets. At least 50% of the bonus is assessed against financial performance of the business and the balance is based on strategic/personal objectives. Stretching targets are required for maximum pay-out.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long-term incentive	To drive and reward the achievement of longer-term objectives, support retention and promote share ownership for Executive Directors.	The Company operates a Long-Term Incentive Plan (LTIP) and Enterprise Management Incentive (EMI) Plan. Under the LTIP, awards may be granted in the form of nil or nominal cost share options, or contingent rights to receive shares. Under the EMI Plan, awards may be granted in the form of tax-favoured share options or non-tax-favoured share options. It is intended that the exercise price of a share option under the EMI Plan shall be the market value of the underlying share at grant. The vesting of awards granted under the LTIP and EMI Plan will normally be subject to the achievement of specified performance conditions, normally over a period of at least three years. Awards granted under the LTIP and EMI Plan may be subject to malus provisions at the discretion of the Committee.	Under the LTIP and EMI Plan rules the overall maximum award that may be granted in respect of a financial year is 300% of salary. Furthermore, both the LTIP and EMI Plan rules prescribe that awards may be granted in excess of these limits in exceptional circumstances. It is intended that the actual annual grants in 2015 will be lower than the overall maximum awards per the plan rules and will be disclosed within the annual report on remuneration.	Relevant performance measures are set that reflect underlying business performance. Performance measures and their weighting where there is more than one measure are reviewed annually to maintain appropriateness and relevance. For awards granted in 2015, the vesting of awards will be subject to stretching Earnings per Share (EPS) targets.

Non-Executive Directors

Purpose and link to strategy	Approach of the Company
Sole element of Non-Executive Director remuneration, set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.	Fees are normally reviewed annually. Fees paid to Non-Executive Directors for their services are approved by the Remuneration Committee. Fees may include a basic fee and additional fees for further responsibilities (for example, chairmanship of Board committees). Non-Executive Directors do not participate in any of the Company's share options schemes or annual bonus scheme nor do they receive any pension contributions. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate.

Explanation of performance measures chosen

Performance measures are selected that are aligned with the performance of the Group and the interests of shareholders. Stretching performance targets are set each year for the annual bonus and long-term incentive awards. When setting these performance targets, the Committee will take into account a number of different reference points, which may include the Group's business plans and strategy and the economic environment. Full vesting will only occur for what the Committee considers to be stretching performance.

The annual bonus is predominantly based on financial metrics. Long-term incentive awards are based on EPS growth.

The Committee retains the ability to adjust or set different performance measures if events occur which cause the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the LTIP and EMI Plans.

Policy for the remuneration of employees more generally

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract, retain and motivate high-calibre employees. The Company operates a HMRC approved SAYE Plan and invites all employees to participate at the discretion of the Committee, therefore encouraging wider workforce share ownership.

There is no consultation with employees regarding Director's remuneration.

Directors' remuneration report continued

Service contracts

Russell Atkinson's service contract is on a rolling basis and may be terminated on nine months' notice by the Company or the Executive.

Steve Dolton's service contract is on a rolling basis and may be terminated on six months' notice by the Company or the Executive.

All Non-Executive Directors have initial fixed-term agreements with the Company of no more than three years, commencing 29 May 2014, or in the case of Gillian Kent, 3 November 2014. Three months' notice is required.

Statement of consideration of shareholder views

The Committee considers shareholder feedback received on remuneration matters, including issues arising in relation to the AGM, as well as any additional comments received during any other meetings with shareholders. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Directors' Remuneration Policy.

Remuneration

The tables below detail the total remuneration receivable by each Director for the financial year ended 31 December 2014. Remuneration has been calculated from the date at which the Directors were appointed to the Board of NAHL Group plc. Where necessary, further explanation of the values provided are included in the footnotes to the table or the additional information that follows it.

2014	Salary and fees £000	Benefits £000	Annual cash bonus £000	Pension £000	Total remuneration £000
Executive Directors					
Russell Atkinson	134	12	115	1	262
Steve Dolton[1]	130	12	109	–	251
Non–Executive Directors					
Steve Halbert	49	–	–	–	49
Samantha Porteous[2]	63	3	–	–	66
Gillian Kent[3]	7	–	–	–	7

1 Steve Dolton is contracted to work four days per week and his salary is pro-rated to reflect this time commitment
2 Figures for Samantha Porteous include remuneration as an Executive Director prior to 29 May 2014
3 Gillian Kent was appointed to the Board on 3 November 2014

The taxable value of benefits received in the period shown above are from the Directors' appointment to the Board to 31 December 2014. These are principally car allowance and private medical insurance.

Individual elements of remuneration

Base salary and fees

The base salaries for 2014 and 2015 are as set out below:

	2014 base salary	2015 base salary[1]	% increase
Russell Atkinson	£205,250	£210,381	2.5%
Steve Dolton	£164,200	£168,305	2.5%

Details of Non-Executive Directors' fees for 2014 and 2015 are as set out below:

	2014 fee	2015 fee[1]	% increase
Chairman's fees	£80,000	£81,600	2%
Non-Executive Director's fee	£40,000	£40,800	2%
Chair of the Remuneration Committee	£5,000	£5,100	2%

1 Salary increase with effect from 1 March 2015

Annual bonus plan

The maximum annual bonus opportunity for each Executive Director in respect of the year ended 31 December 2014 was 70% of base salary. Payments were based on the delivery of EBITDA targets and individual objectives.

The following table sets out the bonus pay-out to the Executive Directors for 2014 and how this reflects performance for the year. The bonus reportable in the single figure table on page 36 has been pro-rated for the period from the Directors' appointment to the Board to 31 December 2014.

	Performance target	Actual performance	Executive Director bonus as a percentage of salary
Earnings Before Income Tax, Depreciation and Amortisation (EBITDA)	£12,500,000	Achieved	44-52%
Individual objectives	Objective achievement	Achieved	12-14%
Total bonus earned			56-66%

Long-term incentives

Awards vesting in respect of the financial year

No long-term incentive awards vested during the financial year.

Awards granted during the financial year

On the Company's admission to AIM Executive Directors were granted awards on the following basis:

	Type of award	Number of shares	Face value at grant[1]	Performance period
Russell Atkinson	Nominal cost options granted under the LTIP	312,501	£625,002	3 years
Russell Atkinson	Market value options granted under the EMI Plan[2]	124,999	£269,998	3 years
Steve Dolton	Nominal cost options granted under the LTIP	237,501	£475,002	3 years
Steve Dolton	Market value options granted under the EMI Plan[2]	124,999	£269,998	3 years

1 Options are valued by taking their fair value at the date of grant, which is calculated as the number of options multiplied by the share price at grant
2 EMI plan options above the £250,000 individual face value limit have been awarded as unapproved options

The awards will be based on the following Earnings per Share (EPS) targets.

Average annual compound growth in EPS between 2013 and 2016.	Percentage of option vesting
10%	100%

Statement of Directors' shareholding and share interests

The interests of the Directors and their immediate families in the Company's Ordinary Shares as at 31 December 2014 were as follows.

	31 December 2014
Executive Directors	
Russell Atkinson	0.83%
Steve Dolton	2.07%
Non-Executive Directors	
Steve Halbert	1.57%
Samantha Porteous	7.54%
Gillian Kent	0.00%

Directors' remuneration report continued

Implementation of Directors' Remuneration Policy for the financial year commencing 1 January 2015

Information on how the Company intends to implement the Directors' Remuneration Policy for the financial year commencing on 1 January 2015 is set out below.

Salary/fees and benefits

The Executive Directors were awarded a 2.5% increase to base salary, with effect from 1 March 2015. Non-Executive Directors' fees increased by 2%, with effect from 1 March 2015.

Annual bonus plan

The maximum bonus opportunity for the Chief Executive and Chief Financial Officer will be 100% and 70% of salary respectively.

At least 50% of the annual bonus will be assessed against operating profit performance and the balance based on individual objectives. Performance targets will continue to be set at the challenging levels of previous years. The actual performance targets are not disclosed as they are considered to be commercially sensitive at this time. The targets will be disclosed in next year's Directors' Remuneration Report or at such point that the Committee considers that the performance targets are no longer commercially sensitive.

Long-term incentives

It is proposed that non-tax-favoured share options, with an exercise price equal to the market value of the underlying shares at grant, will be granted under the EMI Plan to Executive Directors in 2015. The Company intends to deliver a maximum opportunity of awards equal to 100% of base salary to Russell Atkinson and 80% of base salary to Steve Dolton, vesting on the EPS targets noted above.

Approval

This report was approved by the Board on 23 March 2015 and signed on its behalf by

Samantha Porteous
Chairman of the Remuneration Committee
23 March 2015

Statement of Directors' responsibilities

in respect of the strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the strategic report, the Directors' report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the Alternative Investment Market Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law - UK Generally Accepted Accounting Practice (UK GAAP).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Independent Auditor's report to the members of NAHL Group plc

We have audited the financial statements of NAHL Group plc for the year ended 31 December 2014 set out on pages 22 to 61*. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 19*, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

David Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

23 March 2015

* The page numbers quoted above in the auditor's statement for the financial statements and Statement of Directors' Responsibilities refer to the relevant pages in the signed financial statements filed with Companies House. This is also the case for references to the Strategic report.

Consolidated statement of comprehensive income

for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Continuing operations			
Revenue (excluding pre-LASPO ATE)	2	**43,848**	39,717
Pre-LASPO ATE revenue[1]	2	**–**	9,406
Total revenue	1,2	**43,848**	49,123
Cost of sales		**(23,885)**	(23,090)
Gross profit		**19,963**	26,033
Administrative expenses	4	**(8,190)**	(6,819)
Operating profit (excluding share-based payments, one-off items and pre-LASPO ATE)		**12,713**	9,829
Share-based payments	19	**(288)**	7
One-off items	5	**(652)**	–
Pre-LASPO ATE operating profit	2	**–**	9,378
Total operating profit	2	**11,773**	19,214
Financial income	8	**590**	332
Financial expense	9	**(291)**	(4,805)
Profit before tax		**12,072**	14,741
Taxation	10	**(2,594)**	(4,411)
Profit from continuing operations		**9,478**	10,330
Discontinued operation			
Loss from discontinued operation, net of tax	3	**(1,005)**	(872)
Profit for the year and total comprehensive income		**8,473**	9,458

All profits and losses and total comprehensive income are attributable to the owners of the Company.

1 Pre-LASPO ATE revenue means commissions received from the use of an ATE insurance product by participating solicitor firms before the implementation of the LASPO. As a result of the LASPO regulatory changes, which were effective from 1 April 2013, this product is no longer available in the same form and has therefore been separately identified

		2014	2013 (Adjusted)
Basic earnings per share (p)			
Group	20	**20.6**	23.0
Continuing operations	20	**23.0**	25.1
Diluted earnings per share (p)			
Group	20	**20.2**	22.5
Continuing operations	20	**22.6**	24.6

Discontinued earnings per share are shown in note 20. Comparatives for earnings per share have been adjusted as described in note 20.

Consolidated statement of financial position

at 31 December 2014

	Note	2014 £000	2013 £000
Non-current assets			
Goodwill	12	**39,897**	39,897
Property, plant and equipment	14	**186**	371
Deferred tax asset	11	**77**	61
		40,160	40,329
Current assets			
Trade and other receivables	15	**3,725**	3,168
Cash and cash equivalents		**13,637**	14,249
Assets classified as held for sale	3	**–**	3,138
		17,362	20,555
Total assets		**57,522**	60,884
Current liabilities			
Other interest-bearing loans and borrowings	17	**(2,950)**	(6,789)
Trade and other payables	16	**(7,688)**	(7,838)
Other payables relating to legacy pre-LASPO ATE product	2	**(6,511)**	(12,086)
Tax payable		**(1,248)**	(3,107)
Liabilities classified as held for sale	3	**–**	(843)
		(18,397)	(30,663)
Non-current liabilities			
Other interest-bearing loans and borrowings	17	**(2,951)**	(70)
Total liabilities		**(21,348)**	(30,733)
Net assets		**36,174**	30,151
Equity			
Share capital	18	**103**	231
Share option reserve		**288**	–
Interest in own shares		**–**	(14)
Share premium		**49,533**	100
Merger reserve		**(50,000)**	–
Retained earnings		**36,250**	29,834
Total equity		**36,174**	30,151

These financial statements were approved by the Board of Directors on 23 March 2015 and were signed on its behalf by

Russell Atkinson
Chief Executive Officer

Company registered number: 08996352

Company balance sheet

at 31 December 2014

	Note	2014 £000	2013 £000
Non-current assets			
Investments	13	**52,700**	–
Current assets			
Trade and other receivables	15	**25,306**	–
Net assets		**78,006**	–
Equity			
Share capital	18	**103**	–
Share option reserve		**288**	–
Share premium		**49,533**	–
Merger reserve		**16,928**	–
Retained earnings		**11,154**	–
Total equity		**78,006**	–

These financial statements were approved by the Board of Directors on 23 March 2015 and were signed on its behalf by

Russell Atkinson
Chief Executive Officer

Company registered number: 08996352

Consolidated statement of changes in equity

for the year ended 31 December 2014

	Share capital £000	Share option reserve £000	Interest in own shares £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2013	231	–	(14)	100	–	20,383	20,700
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	9,458	9,458
Total comprehensive income	–	–	–	–	–	9,458	9,458
Transactions with owners, recorded directly in equity							
Equity-settled share-based payments	–	–	–	–	–	(7)	(7)
Balance at 31 December 2013	231	–	(14)	100	–	29,834	30,151
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	8,473	8,473
Total comprehensive income	–	–	–	–	–	8,473	8,473
Transactions with owners, recorded directly in equity							
Issue of deferred share (*note 24*)	–	–	–	50,000	(50,000)	–	–
Disposal of assets held for sale (*note 24*)	–	–	–	(1,500)	–	–	(1,500)
Issue of new Ordinary Shares (*note 24*)	3	–	–	861	–	–	864
Share-based payments (*note 19*)	–	288	–	–	–	–	288
Other transactions with owners (*note 24*)	(131)	–	14	72	–	–	(45)
Dividends paid	–	–	–	–	–	(2,057)	(2,057)
Balance at 31 December 2014	**103**	**288**	**–**	**49,533**	**(50,000)**	**36,250**	**36,174**

Company statement of total recognised gains and losses

for the year ended 31 December 2014

	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2014	–	–	–	–	–	–
Total comprehensive income for the year						
Profit for the year	–	–	–	–	13,211	13,211
Total comprehensive income	–	–	–	–	13,211	13,211
Transactions with owners, recorded directly in equity						
Fair value of shares acquired through share for share exchange	272	–	–	66,928	–	67,200
Issue of deferred share (*note 24*)	–	–	50,000	(50,000)	–	–
Disposal of assets held for sale (*note 24*)	–	–	(1,500)	–	–	(1,500)
Issue of new Ordinary Shares (*note 24*)	3	–	861	–	–	864
Share-based payments (*note 19*)	–	288	–	–	–	288
Other transactions with owners (*note 24*)	(172)	–	172	–	–	–
Dividends paid	–	–	–	–	(2,057)	(2,057)
Balance at 31 December 2014	**103**	**288**	**49,533**	**16,928**	**11,154**	**78,006**

Consolidated cash flow statement

for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
Continuing operations			
Profit for the year		**9,478**	10,330
Adjustments for:			
Depreciation	4	**212**	245
Financial income	8	**(590)**	(332)
Financial expense	9	**291**	4,805
Share-based payments	6/19	**288**	(7)
Taxation	10	**2,594**	4,411
		12,273	19,452
Increase in trade and other receivables		**(557)**	(1,818)
Increase/(decrease) in trade and other payables		**40**	(113)
Decrease in other payables relating to legacy pre-LASPO ATE product		**(5,575)**	(3,177)
		6,181	14,344
Interest paid		**(443)**	(3,050)
Tax paid		**(4,469)**	(3,133)
Net cash from operating activities – continuing operations		**1,269**	8,161
Net cash from operating activities – discontinued operations[1]	3	**(654)**	711
Net cash from operating activities		**615**	8,872
Cash flows from investing activities			
Continuing operations			
Acquisition of property, plant and equipment	14	**(27)**	(177)
Interest received		**110**	332
Income from crystallisation of contingent asset	5	**480**	–
Net cash from/(used in) investing activities – continuing operations		**563**	155
Net cash used in investing activities – discontinued operations	3	**–**	(3,629)
Net cash used in investing activities		**563**	(3,474)
Cash flows from financing activities			
Continuing operations			
New share issue		**819**	–
Repayment of borrowings		**(996)**	(28,322)
Dividends paid		**(2,057)**	–
Net cash used in financing activities – continuing operations		**(2,234)**	(28,322)
Net cash used in financing activities – discontinued operations	3	**250**	2,902
Net cash used in financing activities		**(1,984)**	(25,420)
Net decrease in cash and cash equivalents		**(806)**	(20,022)
Cash and cash equivalents at 1 January		**14,443**	34,465
Cash and cash equivalents at 31 December[2]	21	**13,637**	14,443

1 Net cash from operating activities, discontinued operations, includes operating cashflows of £444,000 (2013: £711,000) from discontinued operations and £210,000 (2013: nil) of costs borne by the Group

2 Cash and cash equivalents at 31 December 2013 include cash for discontinued operations of £194,000 not included on the face of the consolidated statement of financial position

Notes to the financial statements

1. Accounting policies

Basis of preparation

Consolidated financial statements

The consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial information has been prepared on a going concern basis and under the historical cost convention.

The first consolidated financial statements which were prepared under IFRS as adopted by the European Union, are the Historical Financial Information included within the AIM Admission Document. A copy of these financial statements can be obtained from the Group's website www.nahlgroupplc.co.uk. The date of transition to IFRS was 1 January 2011, and disclosures concerning the transition from UK GAAP to IFRS are detailed in note 24 of the AIM Admission Document. Therefore, the consolidated financial statements for the year ended 31 December 2014 do not constitute the first IFRS financial statements of the Group, and accordingly no associated disclosures are provided.

The Directors have prepared cash flow forecasts for the period until December 2016. Based on these, the Directors confirm that there are sufficient cash reserves to fund the business for the period under review, and believe that the Group is well placed to manage its business risk successfully. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The share capital relating to NAHL Group plc is a result of a share for share exchange with the shareholders of Consumer Champion Group Limited. There was no change of control as a result of the transaction.

Parent company

The individual Company financial statements have been prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Basis of consolidation

The financial statements represent a consolidation of the Company and its subsidiary undertakings as at the statement of financial position date and for the year then ended. In accordance with IFRS 10 the definition of control is such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has the rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. All subsidiary undertakings in which the Group has a greater than 50 percent shareholding have been consolidated in the Group's results.

The consolidated financial information incorporates the results of business combinations using the purchase method. In the Group statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases. Acquisition costs are expensed as incurred. This policy does not apply on the acquisition of Consumer Champion Group Limited for which reverse acquisition accounting has been applied.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Revenue, other than pre-LASPO ATE insurance income, is not considered to be a key judgement or estimate as the revenue recognised is equal to the cash received with no further clawback or commitments. All solicitor income cash is collected by direct debit in the month within which it is billed.

Judgements

In applying the Group's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the financial statements.

Intangible assets

When the Group makes an acquisition, management determines whether any intangible assets should be recognised separately from goodwill.

Notes to the financial statements continued

1. Accounting policies continued

Estimates

Discussed below are key assumptions concerning the future, and other key sources of estimation at the reporting date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Impairment of goodwill

The Group determines on an annual basis whether goodwill is impaired. This requires an estimation of the future cash flows of the cash-generating units to which the goodwill is allocated; see note 12.

Contingent consideration

When the Group acquires businesses, total consideration may consist of additional amounts payable on agreed post-completion dates. These further amounts are contingent on the acquired business meeting agreed performance targets. At the date of acquisition, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due.

Recoverability of trade receivables

Trade receivables are reflected net of an estimated provision for impairment losses. This provision considers the past payment history and the length of time that the debt has remained unpaid; see note 15 and 21.

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income; see note 11.

Revenue recognition

Pre-LASPO ATE revenue is recognised in full upon inception of the associated policy, less an allowance for the estimated claw back of revenue based upon the underlying historic failure rate of claims.

New standards, interpretations and amendments not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9: Financial Instruments - Effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.
- IFRS 15: Revenue from Contracts with Customers - Effective for annual reporting periods beginning on or after 1 January 2017, with early application permitted.
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation - Effective for annual reporting periods beginning on or after 1 January 2016, with early application permitted.
- Amendments to IAS 19: Defined Benefit Plans; Employee Contributions - Effective for annual reporting periods beginning on or after 1 July 2014, with early application permitted.
- Amendments to IFRSs: Annual Improvements to IFRSs 2010-2012 Cycle - Effective for annual reporting periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted. The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs such as; IFRS 2 'Share-based Payment', IFRS 3 'Business Combinations', IFRS 8 'Operating Segments', IFRS 13 'Fair Value Measurement', IAS 16 'Property, Plant and Equipment', IAS 38 'Intangible Assets' and IAS 24 'Related Party Disclosures'.
- Amendments to IFRSs: Annual Improvements to IFRSs 2011-2013 Cycle - Effective for annual reporting periods beginning on or after 1 July 2014, with early application permitted. The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs such as; IFRS 3 'Business Combinations', IFRS 13 'Fair Value Measurement' and IAS 40 'Investment Property'.

The Group has considered the impact of the above standards and revisions and has concluded that they will not have a material impact on the Group's financial statements.

Going concern

The Group had cash balances of £13,637,000 (2013: £14,443,000), net assets of £36,174,000 (2013: £30,151,000) and net current liabilities of £1,035,000 (2013: £10,108,000) as at each year end.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. As part of the normal management process, detailed projections of future trading are prepared, which includes the impact for possible changes in market or regulatory conditions. Based on these projections the Board remain very positive about the Group's short and long-term prospects.

Accordingly, the Directors continue to adopt the going concern basis in preparing the strategic report, Directors' report and financial statements.

1. Accounting policies continued

Revenue

Revenue relating to solicitor income (including recharged costs), means income received for the provision of enquiries to solicitor firms on a cost-plus model. Revenue recognised is equal to the cash received with no further clawback or commitments. All cash is collected by direct debit in the month within which it is billed.

Pre-LASPO ATE Revenue means commissions received from the use of an ATE insurance product by participating solicitor firms before the implementation of LASPO. As a result of the LASPO regulatory changes, which were effective from 1 April 2013, this product is no longer available in the same form and has therefore been separately disclosed on the face of the consolidated income statement, and is separately identified as an operational segment. Whilst the income is contingent upon the successful outcome of the associated case, the Directors consider that a right to consideration occurs at the point at which an insurance policy is incepted, and at this point the obligations of the Group are discharged. Accordingly, expected income is recognised in full upon inception of the associated policy, less an allowance for the estimated claw back of income based upon the underlying failure rate of claims.

Products revenue relates to commissions for the sale of additional products which aid the claims process to solicitor firms with which the Group has an ongoing relationship. The commissions received are recognised as revenue in the period in which the product is used.

Revenue relating to PPI Claimline Limited has been included as a discontinued operation, as a decision was made by the Directors to sell this major line of business on 15 May 2014. Revenue is recognised on confirmation of successful completion of a claim.

All revenue is stated net of Value Added Tax. The entire revenue arose in the United Kingdom.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised but is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment. Any impairment is recognised in the income statement.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

- Customer-related intangibles – 1 year

Depreciation

Depreciation is calculated to write off the cost, less estimated residual value, of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

- Office equipment – 3 to 5 years
- Computers – 3 years

Operating leases

Operating lease rentals are charged to the income statement account on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Taxation

Tax on the income statement for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements continued

1. Accounting policies continued

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of equity) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in equity.

Employee share schemes

The share option plans allow employees of the Group to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Impairment

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

1. Accounting policies continued

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to the income statement. The same applies to gains and losses on subsequent re-measurement, although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, where applicable, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

In accordance with IFRS 5, the above policy is effective from transition date; no reclassifications are made in prior periods.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

2. Operating segments

	Solicitor income £000	Products £000	Pre-LASPO ATE £000	Other segments £000	One-off items £000	Total - continuing £000	PPI Claimline (discontinued) £000	Total £000
Year ended 31 December 2014								
Revenue	**38,445**	**5,403**	**–**	**–**	**–**	**43,848**	**1,506**	**45,354**
Depreciation and amortisation	**(212)**	**–**	**–**	**–**	**–**	**(212)**	**(31)**	**(243)**
Operating profit/(loss)	**9,020**	**5,301**	**–**	**(1,608)**	**(940)**	**11,773**	**(232)**	**11,541**
Financial income						**590**	**–**	**590**
Financial expenses						**(291)**	**–**	**(291)**
Profit/(loss) before tax						**12,072**	**(232)**	**11,840**
Trade receivables	**3,126**	**50**	**–**	**–**	**–**	**3,176**	**–**	**3,176**
Segment liabilities	**(5,565)**	**(878)**	**(6,511)**	**(1,245)**	**–**	**(14,199)**	**–**	**(14,199)**
Capital expenditure	**27**	**–**	**–**	**–**	**–**	**27**	**–**	**27**
Year ended 31 December 2013								
Revenue	34,423	5,294	9,406	–	–	49,123	12,245	61,368
Depreciation and amortisation	(245)	–	–	–	–	(245)	(4,969)	(5,214)
Operating profit/(loss)	5,588	5,256	9,378	(1,008)	–	19,214	(3,494)	15,720
Financial income						332	2,903	3,235
Financial expenses						(4,805)	(88)	(4,893)
Profit/(loss) before tax						14,741	(679)	14,062
Trade receivables	2,373	508	–	–	–	2,881	1,130	4,011
Segment liabilities	(3,976)	(312)	(12,086)	(3,550)	–	(19,924)	(843)	(20,767)
Capital expenditure	177	–	–	–	–	177	–	177

Geographic information

All revenue and assets of the Group are based in the UK.

Operating segments

The segments used in reporting by the Chief Operating Decision Maker (CODM), being the Board, and considered relevant to the business are segmented on a product basis. These segments are:

Solicitor income
Revenue from the provision of enquiries to the PLFs, based on a cost plus margin model, (based on fixed fee for the period to 31 March 2013).

Products
Commissions received from providers for the sale of additional products by them to the PLFs.

Pre-LASPO ATE
Commissions received from the insurance provider for the use of ATE policies by panel law firms. From 1 April 2013, this product was no longer available as a result of LASPO regulatory changes. Included in the balance sheet is a liability that has been separately identified due to its material value. This balance is commissions received in advance that are due to be paid back to the insurance provider. No interest is due on this liability.

Other segments
Costs that are incurred in managing Group activities or not specifically related to a product and including share-based payments.

One-off items
Costs for the payment of employee bonuses relating to admission of the Company to AIM.

PPI Claimline (discontinued)
Provision of claims management services focused on recovery of mis-sold payment protection insurance. This business was sold on 15 May 2014.

Notes to the financial statements continued

2. Operating segments continued

Cash flows from operating activities – continuing operations

A reconciliation of operating profit to cash generation from operations for continuing operations has been presented below separately identifying net cash flows relating to continuing products (comprising cash flows associated with solicitor income, products and other segments), the pre-LASPO ATE product segment and cash flows within continuing operations that related to the PPI Claimline division, which is now discontinued.

For the period ended 31 December 2014, one-off items have also been separately identified.

Reconciliation of operating profit to net cash flows from operating activities – continued operations

	Continuing products £000	Pre-LASPO ATE £000	Sub-total £000	One-off items £000	Total £000
12 months ended 31 December 2014					
Operating profit	**12,425**	**–**	**12,425**	**(652)**	**11,773**
Equity-settled share-based payments	**288**	**–**	**288**	**–**	**288**
Underlying operating profit	**12,713**	**–**	**12,713**	**(652)**	**12,061**
Depreciation	**212**	**–**	**212**	**–**	**212**
Increase in trade/other receivables	**(557)**	**–**	**(557)**	**–**	**(557)**
Increase in trade/other payables	**40**	**–**	**40**	**–**	**40**
Decrease in liabilities relating to pre-LASPO ATE product	**–**	**(5,575)**	**(5,575)**	**–**	**(5,575)**
Net cash flows from operating activities before interest and tax	**12,408**	**(5,575)**	**6,833**	**(652)**	**6,181**

	Continuing products £000	Pre-LASPO ATE £000	Sub-total £000	PPI Claimline related £000	Total £000
12 months ended 31 December 2013					
Operating profit	9,836	9,378	19,214	–	19,214
Equity-settled share-based payments	(7)	–	(7)	–	(7)
Underlying operating profit	9,829	9,378	19,207	–	19,207
Depreciation	245	–	245	–	245
Decrease/(increase) in trade/other receivables	487	–	487	(2,305)	(1,818)
Decrease in trade/other payables	(113)	–	(113)	–	(113)
Decrease in liabilities relating to pre-LASPO ATE product	–	(3,177)	(3,177)	–	(3,177)
Net cash flows from operating activities before interest and tax	10,448	6,201	16,649	(2,305)	14,344

3. Non-current assets held for sale and discontinued operation

The PPI Claimline division was acquired in February 2011 and was classified as held for sale in the 31 December 2013 Historical Financial Information as the Company had committed to selling this division and expected to conclude a sale within the next six months. The related assets and liabilities were classified as held for sale in the year ended 31 December 2013, and therefore the statement of comprehensive income was restated for discontinued operations for all three years presented.

On the 15 May 2014, the division was sold for £1,500,000 resulting in a loss on disposal of £563,000.

Trading results of the discontinued operation

	2014 £000	2013 £000
Revenue	**1,506**	12,245
Adminstrative expenses	**(1,738)**	(15,739)
Financial income	**–**	2,903
Financial expense	**–**	(88)
Loss before tax	**(232)**	(679)
Tax on loss	**–**	(193)
Loss for the year	**(232)**	**(872)**

3. Non-current assets held for sale and discontinued operation continued

Loss from discontinued operations

	2014 £000	2013 £000
Proceeds		
Capital reduction	**1,500**	–
Disposal		
Net assets at 31 December 2013	**2,295**	–
Loss in the period	**(232)**	–
	2,063	–
Loss on disposal	**(563)**	–
Other losses attributable to discontinued operations		
Loss in the period	**(232)**	(872)
Reorganisation costs	**(98)**	–
Fees relating to disposal	**(112)**	–
	(442)	(872)
Total loss from discontinued operations	**(1,005)**	(872)

Loss before tax is stated after charging/(crediting):

	2014 £000	2013 £000
Impairment of goodwill	**–**	4,888
Depreciation of property, plant and equipment	**31**	81
Operating leases – land and buildings	**49**	115
Operating leases – other	**–**	5
Early settlement of contingent consideration	**–**	(2,902)

Assets and liabilities held for sale/disposal group

	2014 £000	2013 £000
Assets classified as held for sale/disposal group:		
Intangible assets	**–**	1,265
Property, plant and equipment	**–**	96
Trade and other receivables	**–**	1,583
Cash and cash equivalents	**–**	194
	–	3,138
Liabilities classified as held for sale/disposal group:		
Trade and other payables	**–**	(843)
	–	2,295

Notes to the financial statements continued

3. Non-current assets held for sale and discontinued operation continued

Cash flow statement for discontinued operations

	2014 £000	2013 £000
Cash flows from operating activities		
Discontinued operations		
Loss for the year	**(1,005)**	(872)
Adjustments for:		
Depreciation, amortisation and impairment	**31**	4,969
Financial income	**–**	(2,903)
Financial expense	**–**	88
Taxation	**–**	193
	(974)	1,475
Decrease in trade and other receivables	**1,583**	1,038
Decrease in trade and other payables	**(843)**	(1,599)
Cost borne by Group Company	**(210)**	–
	(444)	914
Interest paid	**–**	(10)
Tax paid	**–**	(193)
	(444)	711
Cash flows from investing activities		
Discontinued operations		
Interest received	**–**	1
Acquisition of subsidiary	**–**	(3,630)
Net cash from investing activities	**–**	(3,629)
Cash flows from financing activities		
Discontinued operations		
Funding from Group companies	**250**	–
Early settlement of contingent consideration	**–**	2,902
Net cash from financing activities	**250**	2,902
Net decrease in cash and cash equivalents	**(194)**	(16)
Cash and cash equivalents at 1 January	**194**	210
Cash and cash equivalents at 31 December	**–**	194

Intangible assets

	Customer-related intangibles £000	Goodwill £000	Total £000
Cost			
At 1 January 2014	312	6,153	6,465
Disposal	(312)	(6,153)	(6,465)
At 31 December 2014	–	–	–
Amortisation and impairment			
At 1 January 2014	312	4,888	5,200
Disposal	(312)	(4,888)	(5,200)
At 31 December 2014	–	–	–
Net book value			
At 31 December 2013	–	1,265	1,265
At 31 December 2014	–	–	–

4. Administrative expenses and Auditor's remuneration*

Included in consolidated statement of comprehensive income are the following:

	2014 £000	2013 £000
Depreciation of property, plant and equipment	**212**	245
Operating leases – land and buildings	**120**	170
Operating leases – other	**40**	57
Auditor's remuneration	**352**	133

The analysis of Auditor's remuneration is as follows:

	2014 £000	2013 £000
Audit services - statutory audit	**58**	38
Other assurance services	**8**	–
Taxation compliance	**8**	13
Taxation advisory services	**5**	–
Corporate finance services	**270**	82
Other assurance & non-audit services	**3**	–
Total non-audit remuneration	**294**	95

* Information given excludes that of discontinued operations which are disclosed in note 3

5. One-off items

As a result of the admission to AIM process, income was realised on the crystallisation of an asset that was contingent on an exit event. This contingent asset arose as a result of the award of shares to employees by the Employee Benefit Trust (EBT) under the EMI scheme creating loans repayable on exit. This income totalled £480,000. Under the trust rules this cash and any previously recognised cash in the EBT is required to be used for the benefit of employees. As a result, Company-wide bonuses were paid in recognition of the successful completion of the IPO. The costs of these bonuses have been included in the consolidated statement of comprehensive income as one-off items totalling £652,000 (2013: nil). The £480,000 income received for the contingent asset has been detailed in note 8.

6. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Directors	**3**	4
Others (excluding discontinued operation)	**119**	120
Others (from discontinued operation)	**33**	148
	155	272

The aggregate payroll costs of these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	**5,231**	8,602
Share-based payments (see note 19)	**288**	(7)
Social security costs	**599**	856
Pension costs	**14**	–
	6,132	9,451

Notes to the financial statements continued

7. Directors' emoluments

Proforma emoluments relate to amounts paid to current Directors applying those directorships retrospectively for 2013 and 2014, prior to incorporation of NAHL Group plc. Statutory Directors' emoluments relate to Directors registered at Companies House as Directors of NAHL Group plc for the period during which they were Directors.

	2014 £000	2013 £000
Proforma Directors' emoluments	**1,220**	995
Statutory Directors' emoluments	**635**	–

Proforma Directors' emoluments

2014	Salary and fees £000	Benefits £000	Annual bonus £000	IPO bonus £000	Pension £000	Total £000
Executive Directors						
Russell Atkinson	**192**	**25**	**115**	**59**	**1**	**392**
Steve Dolton	**181**	**14**	**109**	**171**	**–**	**475**
Non-Executive Directors						
Steve Halbert	**71**	**–**	**–**	**104**	**–**	**175**
Samantha Porteous[1]	**118**	**7**	**45**	**1**	**–**	**171**
Gillian Kent	**7**	**–**	**–**	**–**	**–**	**7**

2013	Salary and fees £000	Benefits £000	Annual bonus £000	Total £000
Executive Directors				
Russell Atkinson	170	16	82	268
Steve Dolton	200	16	100	316
Non-Executive Directors				
Steve Halbert	72	–	–	72
Samantha Porteous	215	16	108	339

Statutory Directors' emoluments

2014	Salary and fees £000	Benefits £000	Annual bonus £000	Pension £000	Total £000
Executive Directors					
Russell Atkinson	**134**	**12**	**115**	**1**	**262**
Steve Dolton	**130**	**12**	**109**	**–**	**251**
Non-Executive Directors					
Steve Halbert	**49**	**–**	**–**	**–**	**49**
Samantha Porteous	**63**	**3**	**–**	**–**	**66**
Gillian Kent	**7**	**–**	**–**	**–**	**7**

1. Figures for Samantha Porteous include remuneration as an Executive Director prior to 29 May 2014

The Group contributed £3,000 to pension schemes in respect of Directors during the year (2013: nil).

The emoluments of the highest paid Director were £262,000 (2013: nil).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include members of the Operational Board who are not statutory Directors in addition to the main Board. Disclosure of transactions with key management is detailed in note 25.

8. Financial income*

	2014 £000	2013 £000
Bank interest income	**110**	332
Income from crystallisation of contingent asset (note 5)	**480**	–
	590	332

* Information given excludes that of discontinued operations which are disclosed in note 3

9. Financial expense*

	2014 £000	2013 £000
On bank loans	**157**	415
On loan notes	**–**	1,705
Dividends on preference shares	**134**	6
Unwinding of loan note discounting	**–**	64
Loss on settlement of loan notes	**–**	2,609
Bank charges	**–**	6
Total finance expense	**291**	4,805

* Information given excludes that of discontinued operations which are disclosed in note 3

Notes to the financial statements continued

10. Taxation

Recognised in the consolidated statement of comprehensive income

	2014 £000	2013 £000
Current tax expense (excluding tax on discontinued operation)		
Current tax on income for the period	**2,610**	4,393
Adjustments in respect of prior periods	**–**	(1)
Total current tax (excluding tax on discontinued operation)	**2,610**	4,392
Deferred tax expense		
Origination and reversal of temporary differences	**(16)**	12
Adjustments in respect of prior periods	**–**	(3)
Effects of change in standard rate of corporation tax	**–**	10
Total deferred tax (excluding tax on discontinued operation)	**(16)**	19
Tax expense in income statement (excluding tax on discontinued operation)	**2,594**	4,411
Current tax expense from discontinued operation		
Current tax on income for the period	**–**	193
Tax from discontinued operation	**–**	193
Total tax charge	**2,594**	4,604

Reconciliation of effective tax rate

	2014 £000	2013 £000
Profit for the year	**8,473**	9,458
Total tax expense (including tax on discontinued operations)	**2,594**	4,604
Profit excluding taxation	**11,067**	14,062
Tax using the UK corporation tax rate of 21.5% (2013: 23.25%)	**2,379**	3,269
Amortisation, impairment and unwinding of discounting not deductible for tax purposes	**–**	1,669
Non-chargeable gain	**–**	(675)
Income disallowable for tax purposes	**(104)**	–
Non-deductible expenses	**296**	249
Short-term timing differences for which no deferred tax is recognised	**39**	125
Effects of change in standard rate of corporation tax	**–**	10
Adjustments in respect of prior periods	**–**	(4)
Change in recognised temporary differences	**(16)**	–
Recognition of tax effect of previously unrecognised tax losses	**–**	(39)
Total current tax charge (including tax on discontinued operations)	**2,594**	4,604

Changes in tax rates and factors affecting the future tax charge

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly.

The deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% substantively enacted at the balance sheet date.

11. Deferred tax asset

	2014 £000	2013 £000
At beginning of year	**61**	80
Recognised in profit or loss (see note 10)	**16**	(19)
Deferred tax asset at end of year	**77**	61

The asset for deferred taxation consists of the tax effect of temporary differences in respect of:

	Property, plant & equipment £000	Bad debt provisions £000	Total £000
At 1 January 2013	60	20	80
Recognised in profit or loss	(13)	(6)	(19)
At 31 December 2013	47	14	61
Recognised in profit or loss	16	–	16
At 31 December 2014	**63**	**14**	**77**

At 31 December 2013 the Group had additional unrecognised net deferred tax assets of £451,000. Following the sale of PPI Claimline Limited no further unrecognised deferred tax asset exists at 31 December 2014.

	2014 £000	2013 £000
Unrecognised deferred tax asset		
Bad debt provisions	**–**	431
Property, plant & equipment	**–**	20
At 31 December 2014	**–**	451

12. Goodwill

	NAH £000	PPIC £000	Total £000
Cost			
At 1 January 2013	39,897	6,153	46,050
Transfer to assets held for sale	–	(6,153)	(6,153)
At 31 December 2013	39,897	–	39,897
At 31 December 2014	**39,897**	**–**	**39,897**
Impairment			
At 1 January 2013	–	–	–
Impairment charge for the year	–	4,888	4,888
Transfer to assets held for sale	–	(4,888)	(4,888)
At 31 December 2013	–	–	–
At 31 December 2014	**–**	**–**	**–**
Net book value			
At 31 December 2013	39,897	–	39,897
At 31 December 2014	**39,897**	**–**	**39,897**

Where goodwill arose as part of a business acquisition, it forms part of the CGU asset carrying value which is tested for impairment annually. The Group has determined that for the purposes of impairment testing each segment, i.e. solicitor income and products and pre-LASPO ATE, is the appropriate level at which to test. NAH comprises three CGUs namely the operating segments of solicitor income, products and pre-LASPO ATE, whereas PPI Claimline is its own CGU. Goodwill in relation to the acquisition of PPI Claimline has been included within assets held for sale in 31 December 2013 and was sold during 2014, therefore goodwill at 31 December 2013 and 2014 related to the NAH segments only. Due to the discontinued nature of the pre-LASPO ATE product, no goodwill has been allocated to it.

The recoverable amounts for the CGUs are predominantly based on value in use which is calculated on the cash flows expected to be generated by the division using the latest budget data for the coming year, extrapolated at a 5% (2013: 5%) annual growth rate for four years and no growth into perpetuity, discounted at a post tax WACC of 8% (2013: 14%). The key assumptions in the value in use calculation are the discount rate and growth rate. The discount rate is based on the Group's post-tax cost of capital and estimated cost of equity, which the Directors consider equated to market participants' rate. The movement in discount rate compared to prior year is a result of having greater access to capital as a direct result of listing on AIM.

Notes to the financial statements continued

12. Goodwill continued

In preparing the formal budget for the next financial period, expected EBITDA is based on past experience of the performance of the CGUs adjusted for known changes.

Based on the operating performance of the NAH CGU, no impairment loss was identified at any of the two years under review, and there is sufficient headroom to indicate that no reasonable change to key assumptions would result in an impairment of this goodwill. The key assumptions were as follows:

	2014	2013
Discount rate	**8%**	14%
Budgeted operating cash flow growth (average of next 4 years)	**5%**	5%

The following table shows the percentage to which the discount rate would need to increase and the percentage by which the budgeted operating cash flows would need to decrease in order for the estimated recoverable amount of the CGU to be equal to the carrying amount:

	2014	2013
Discount rate	**42%**	57%
Budgeted operating cash flow growth (average of next 5 years)	**(20%)**	(32%)

13. Investments

The Company has the following investments in subsidiaries:

				Ownership	
Name of subsidiary	Country of incorporation and principal place of business	Class of shares held	Principal activity	2014	2013
Consumer Champion Group Limited	United Kingdom	Ordinary	Holding company	**100%**	–%
NAH Holdings Limited	United Kingdom	Ordinary	Holding company	**100%**	–%
NAH Group Limited	United Kingdom	Ordinary	Ordinary	**100%**	–%
Seebeck 62 Limited*	United Kingdom	Ordinary	Ordinary	**–%**	–%
National Accident Helpline Limited	United Kingdom	Ordinary	Agency services for solicitors	**100%**	–%
PPI Claimline Limited*	United Kingdom	Ordinary	Agency services for solicitors	**–%**	–%
Lawyers Agency Services Limited	United Kingdom	Ordinary	Non-trading	**100%**	–%
Accident Helpline Limited	United Kingdom	Ordinary	Dormant	**100%**	–%
NAH Support Services Limited	United Kingdom	Ordinary	Dormant	**100%**	–%
Tiger Claims Limited	United Kingdom	Ordinary	Dormant	**100%**	–%
Your Law Limited	United Kingdom	Ordinary	Dormant	**100%**	–%
NAH Legal Services Limited	United Kingdom	Ordinary	Dormant	**100%**	–%

* These subsidiaries have been disposed of during the year and were classified as held for sale at 31 December 2013

At the 31 December 2014 the value of the investment in Consumer Champion Group Limited, it's only directly owned subsidiary was as follows:

Valuation

	Total £000
At 1 January 2014	–
At acquisition	67,200
Realisation of investment	(14,500)
At 31 December 2014	**52,700**

The valuation of the investment at acquisition was management's best estimate at the time of the transaction.

14. Property, plant and equipment

	Fixtures and fittings £000	Total £000
Cost		
At 1 January 2014	1,045	1,045
Additions	27	27
At 31 December 2014	**1,072**	**1,072**
Depreciation and impairment		
At 1 January 2014	674	674
Depreciation charge for the year	212	212
At 31 December 2014	**886**	**886**
Net book value		
At 31 December 2013	371	371
At 31 December 2014	**186**	**186**

	Fixtures and fittings £000	Total £000
Cost		
At 1 January 2013	1,138	1,138
Additions	177	177
Transfer to assets held for sale	(270)	(270)
At 31 December 2013	1,045	1,045
Depreciation and impairment		
At 1 January 2013	522	522
Depreciation charge for the year	245	245
Transfer of assets held for sale	(93)	(93)
At 31 December 2013	674	674
Net book value		
At 31 December 2012	616	616
At 31 December 2013	371	371

15. Trade and other receivables

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Trade receivables	**3,176**	**–**	2,881	–
Other receivables	**355**	**–**	78	–
	3,531	**–**	2,959	–
Prepayments	**194**	**–**	209	–
Amounts due from Group undertakings	**–**	**25,306**	–	–
	3,725	**25,306**	3,168	–

16. Trade and other payables

	2014 £000	2013 £000
Current		
Trade payables	**1,442**	851
Other taxation and social security	**414**	693
Other creditors and accruals	**2,962**	3,053
Customer deposits	**2,870**	3,241
	7,688	7,838

Notes to the financial statements continued

17. Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's other interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate and foreign currency risk, see note 21.

	2014 £000	2013 £000
Current liabilities		
Current portion of secured bank loans	**2,950**	6,789
	2,950	6,789
Non-current liabilities		
Secured bank loans	**2,951**	–
Shares classified in Consumer Champion Group Limited as debt	–	70
	2,951	70
Total other interest-bearing loans and borrowings	**5,901**	6,859

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2014 £000	Carrying amount 2014 £000	Face value 2013 £000	Carrying amount 2013 £000
Loan A	GBP	3.00% above Libor	2014	–	–	926	921
Loan B	GBP	3.50% above Libor	2014	–	–	5,901	5,868
Bank loan	GBP	2.50% above Libor	2016	**5,901**[1]	**5,901**	–	–
Shares classified as debt	GBP	8%	2014	–	–	70	70
				5,901	**5,901**	6,897	6,859

1 The loan of £5,901,000 is payable 50% on 30 December 2015 and 50% on 30 December 2016. Interest is payable at 2.5% above LIBOR

18. Share capital

	2014	2013
Number of shares		
41,150,000 'A' Ordinary Shares of £0.0025 each	**41,150,000**	–
125,000 'A' Ordinary Shares of £0.50 each (*cancelled*)	–	125,000
75,000 'B' Ordinary Shares of £0.50 each (*cancelled*)	–	75,000
67,533 'C' Ordinary Shares of £1 each (*cancelled*)	–	67,533
37,092 'D' Ordinary Shares of £1 each (*cancelled*)	–	37,092
25,663 'E' Ordinary Shares of £1 each (*cancelled*)	–	25,663
40,957 'F' Ordinary Shares of £0.01 each (*cancelled*)	–	40,957
69,000 'A' Preference Shares of £1 each (*cancelled*)	–	69,000
1,000 'B' Preference Shares of £1 each (*cancelled*)	–	1,000
	41,150,000	411,245

	£000	£000
Allotted, called up and fully paid		
41,150,000 'A' Ordinary Shares of £0.0025 each	**103**	–
125,000 'A' Ordinary Shares of £0.50 each (*cancelled*)	–	63
75,000 'B' Ordinary Shares of £0.50 each (*cancelled*)	–	38
67,533 'C' Ordinary Shares of £1 each (*cancelled*)	–	68
37,092 'D' Ordinary Shares of £1 each (*cancelled*)	–	37
25,663 'E' Ordinary Shares of £1 each (*cancelled*)	–	25
40,957 'F' Ordinary Shares of £0.01 each (*cancelled*)	–	–
69,000 'A' Preference Shares of £1 each (*cancelled*)	–	69
1,000 'B' Preference Shares of £1 each (*cancelled*)	–	1
	103	301
Shares classified as liabilities	–	70
Shares classified in equity	**103**	231
	103	301

The share for share exchange includes all share classes with the exception of 'A' preference shares and 'B' preference shares.

19. Share-based payments

During the year, share options of employees in the shares of Consumer Champion Group Limited vested as the change of control vesting condition was met as a result of the placing of shares on AIM. All options held at the 31 December 2013 were exercised.

The Group now operates three employee share plans as follows:

SAYE plan

The SAYE plan is available to all employees. Options may be satisfied by newly issued Ordinary Shares, Ordinary Shares purchased in the market by an employees' trust or by the transfer of Ordinary Shares held in treasury.

EMI Scheme

The EMI Plan provides for the grant, to selected employees of the Group, of rights to acquire (whether by subscription or market purchase) Ordinary Shares in the Company (Options). Options may be granted as tax-favoured enterprise management incentive options (EMI Options) or non-tax favoured Options.

LTIP

The LTIP will enable selected employees (including Executive Directors) to be granted awards in respect of Ordinary Shares. Awards may be granted in the form of nil or nominal cost options to acquire Ordinary Shares; or contingent rights to receive Ordinary Shares. Awards may be satisfied by newly issued Ordinary Shares, Ordinary Shares purchased in the market by an employees' trust or by the transfer of Ordinary Shares held in treasury.

The terms and conditions of grants of share options to employees of the Group, in the shares of NAHL Group plc are as follows:

Grant date/employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
Equity-settled award to 21 employees granted by the parent Company on 26 January 2010	5,683 'D' and 'E' shares, and 5,683 'F' shares	Vested on change of control	Vested
Equity-settled award to 8 employees granted by the parent Company on 25 August 2010	868 'E' shares and 1,262 'F' shares	Vested on change of control	Vested
Equity-settled award to 26 employees granted by the parent Company on 10 October 2011	2,350 'E' shares and 2,350 'F' shares	Vested on change of control	Vested
Equity-settled award to 18 employees granted by the parent Company on 1 November 2012	685 'E' shares and 685 'F' shares	Vested on change of control	Vested
Equity-settled award to 3 employees granted by the parent Company on 3 December 2012	375 'E' shares and 375 'F' shares	Vested on change of control	Vested
Equity-settled award to 3 employees granted by the parent Company on 31 December 2013	1,045 'E' shares and 1,045 'F' shares	Vested on change of control	Vested
SAYE Equity-settled award to 56 employees granted by the parent Company on 29 May 2014	270,448 Ordinary Shares	Performance based	Announcement of 2017 results
LTIP Equity-settled award to 4 employees granted by the parent Company on 29 May 2014	790,004 Ordinary Shares	Performance based	Announcement of 2017 results
EMI Equity-settled award to 9 employees granted by the parent Company on 11 December 2014	899,996 Ordinary Shares	Performance based	Announcement of 2017 results

The number and weighted average exercise prices of share options are as follows:

	2014 Weighted average exercise price £	**2014 Number of options No.**	2013 Weighted average exercise price £	2013 Number of options No.
Outstanding at the beginning of the year	**6.66**	**16,356**	5.98	16,288
Exercised during the year	**(6.66)**	**(16,356)**	–	–
Granted during the year	**1.13**	**1,970,448**	12.01	2,090
Forfeited during the year	**(1.60)**	**(20,700)**	(4.98)	(2,022)
Outstanding at the end of the year	**1.13**	**1,949,748**	6.66	16,356
Exercisable at the end of the year	**–**	**–**	–	–

A charge of £288,000 (2013: credit of £7,000) has been made through profit and loss in the current year.

Notes to the financial statements continued

20. Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 is based on profit attributable to ordinary shareholders of £8,473,000 (2013: £9,458,000) and a weighted average number of Ordinary Shares outstanding of 41,150,000. As a result of the transactions relating to Company's IPO on 29 May 2014, the total issued Ordinary Shares have changed materially. The Directors have presented adjusted comparative periods to provide an EPS that gives users a useful comparison for basic and diluted EPS.

Profit attributable to ordinary shareholders (basic)

£000	2014	2013
Profit for the year attributable to the shareholders – continuing	**9,478**	10,330
Loss for the year attributable to the shareholders – discontinued	**(1,005)**	(872)
Profit for the year attributable to the shareholders – Total	**8,473**	9,458

Weighted average number of Ordinary Shares (basic)

Number	Note	2014	2013 (Adjusted)
Issued Ordinary Shares at 1 January	18	**41,150,000**	41,150,000
Weighted average number of Ordinary Shares at 31 December	18	**41,150,000**	41,150,000

Basic earnings per share (p)

	2014	2013 (Adjusted)
Group	**20.6**	23.0
Continuing operations	**23.0**	25.1
Discontinued operations	**(2.4)**	(2.1)

The Company has in place share-based payment schemes to reward employees. At the 31 December 2014, the LTIP, EMI and SAYE schemes are at a value that would reasonably result in the options being exercised. The total number of options available for these schemes included in the diluted earnings per share calculation is 790,004. There are no other diluting items.

Diluted earnings per share (p)

	2014	2013 (Adjusted)
Group	**20.2**	22.5
Continuing operations	**22.6**	24.6
Discontinued operations	**(2.4)**	(2.1)

21. Financial instruments

(a) Fair values of financial instruments

The Group's principal financial instruments comprise interest-bearing borrowings, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. There have been no substantive changes in the Group's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

Trade and other receivables

The fair value of trade and other receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade payables

The fair value of trade payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

The interest rate used to discount estimated cash flows of 8% is based on market rates.

21. Financial instruments continued

The fair values of all financial assets and financial liabilities by class, which approximate to their carrying values, shown in the balance sheet are as follows:

	Fair value hierarchy	**Carrying amount 2014 £000**	**Fair value 2014 £000**	Carrying amount 2013 £000	Fair value 2013 £000
Cash and receivables					
Cash and cash equivalents	Level 1	**13,637**	**13,637**	14,249	14,249
Cash and cash equivalents (note 3)		**–**	**–**	194	194
		13,637	**13,637**	14,443	14,443
Trade and other receivables (note 15)	Level 3	**3,531**	**3,531**	2,959	2,959
Trade and other receivables (note 3)	Level 3	**–**	**–**	1,201	1,201
Total financial assets		**17,168**	**17,168**	18,603	18,603
Financial liabilities measured at amortised cost					
Other interest-bearing loans and borrowings (note 17)	Level 3	**5,901**	**5,901**	(6,859)	(6,859)
Trade payables (note 16)	Level 3	**1,442**	**1,442**	(851)	(851)
Trade payables (note 3)		**–**	**–**	(99)	(99)
Total financial liabilities measured at amortised cost		**7,343**	**7,343**	(7,809)	(7,809)

Fair value hierarchy

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:
Level 1 – inputs are quoted prices in active markets.
Level 2 – a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets.
Level 3 – a valuation using unobservable inputs, i.e. a valuation technique.

There were no transfers between levels throughout the periods under review.

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Management consider the credit risk to be low as a result of the deposits held for all significant customers. As at 31 December 2014 these deposits reflect 90.4% (2013: 112.5%) of the balance of trade receivables.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2014 £000	2013 £000
Trade receivables	**3,176**	2,881

Deposits with key customers are held to mitigate the potential credit risk. At each balance sheet date, the amount of deposit held was:

	2014 £000	2013 £000
Customer deposits	**2,870**	3,241

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 2014 £000	**Impairment 2014 £000**	Gross 2013 £000	Impairment 2013 £000
Not past due 1–30 days	**3,247**	**(71)**	2,951	(70)
	3,247	**(71)**	2,951	(70)

Notes to the financial statements continued

21. Financial instruments continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014 £000	2013 £000
Balance at 1 January	**70**	1,465
Allowance recognised/(reversed)	**1**	(19)
Transferred to assets held for sale	**–**	(1,376)
Balance at 31 December	**71**	70

The allowance account for trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

(c) Liquidity risk

Financial risk management

Liquidity risk arises from the Group's management of working capital and the finance charges on its debt instruments and repayments of principal. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts and loans to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

2014	Secured bank loans £000	Shares classified as debt £000	Trade and other payables £000	Total £000
Non-derivative financial instruments				
Carrying amount	**(5,901)**	**–**	**(1,442)**	**(7,343)**
Contractual cash flows				
1 year or less	**(3,131)**	**–**	**(1,442)**	**(4,573)**
1 to 2 years	**(3,041)**	**–**	**–**	**(3,041)**
2 to 5 years	**–**	**–**	**–**	**–**
5 years and over	**–**	**–**	**–**	**–**
	(6,172)	**–**	**(1,442)**	**(7,614)**

2013				
Non-derivative financial instruments				
Carrying amount	(6,789)	(70)	(851)	(7,710)
Contractual cash flows				
1 year or less	(7,261)	–	(851)	(8,112)
1 to 2 years	–	–	–	–
2 to 5 years	–	(95)	–	(95)
5 years and over	–	–	–	–
	(7,261)	(95)	(851)	(8,207)

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Market risk – foreign currency risk

The Company has no foreign currency risk as all transactions are in Sterling.

Market risk – interest rate risk

Profile

The Group is exposed to interest rate risk from its use of interest-bearing financial instruments. This is a market risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

21. Financial instruments continued

At the balance sheet dates, there were no interest-bearing financial assets, however the interest rate profile of the Company's interest-bearing financial liabilities was:

	2014 £000	2013 £000
Fixed rate instruments		
Financial liabilities	–	4,194
Variable rate instruments		
Financial liabilities	**5,901**	2,665
Total interest-bearing financial instruments	**5,901**	6,859

Sensitivity analysis

A change of 0.5% in interest rates at the balance sheet date would increase/(decrease) profit or loss in the following year by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative periods.

	2014 £000	2013 £000
Profit for the year		
Increase	**(30)**	(12)
Decrease	**30**	12

Market risk – equity price risk

The Company does not have an exposure to equity price risk as it holds no investment in equity securities which are classified as available for sale financial assets or designated at fair value through profit or loss.

(e) Capital management

Company

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and to provide an adequate return to shareholders. Capital comprises the Group's equity i.e. share capital including preference shares, share premium, own shares and retained earnings, as well as bank loans.

22. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2014 £000	2013 £000
Less than one year	**31**	232
Between one and five years	**66**	259
	97	491

The Company leases a number of office buildings under operating leases. During the year £160,000 was recognised as an expense in the income statement in respect of operating leases (2013: £227,000). At 31 December 2014 leases for the office buildings had three months remaining. The Company expects to enter into leases for these properties in the next year.

23. Commitments

Capital commitments

At 31 December 2014 the Group had no capital commitments (2013: £nil).

Notes to the financial statements continued

24. Transactions with owners, recorded directly in equity

On 29 May 2014, NAHL Group plc was admitted to trading on AIM. The steps required to complete this admission have been included within the condensed consolidated statement of changes in equity and have been further explained below:

Issue of deferred share

A deferred share was issued at a premium resulting in the transfer of £50,000,000 from the merger reserve to share premium. NAHL Group plc declared a bonus issue of a single deferred share of £0.0001 (a 'Deferred Share') with a share premium £50,000,000. This transaction resulted in £50,000,000 of the merger reserve being transferred to the share premium account split pro rata between the different classes of shares.

Disposal of assets held for sale

The market value of the Group of companies, headed by Seebeck 62 Limited, classified as held for sale was calculated as being £1,500,000 by the Directors of the Company. On 15 May 2014, Seebeck 62 Limited was then demerged via a capital reduction of this value to the share premium account. A same day registration of the reduction of capital at Companies House has been made. Further details of the demerger can be seen in note 3.

Issue of new Ordinary Shares

On 29 May 2014, 1,150,000 new Ordinary Shares with a par value of £0.0025 were issued. These raised an additional £2,300,000 funds for the Company. The fees relating to this transaction totalled £1,436,000. These costs have been charged as a reduction to share premium resulting in a net increase to share premium of £861,000 and share capital of £3,000.

Other transactions with owners

Included within other transactions with owners are the following transactions resulting in a net impact of £45,000:

- Share capital has been reduced by £131,000. This is the result of £172,000 reduction in the par value of existing shares and the bonus issue of F shares increasing share capital by £41,000. The bonus issue occurred prior to merger where Consumer Champion Group Limited declared a 99 for 1 F share bonus issue to all shareholders using distributable reserves. There was then an F share 1 for 100 consolidation.
- Acquisition accounting for the purchase also resulted in the removal of interest in own shares of £14,000.
- Share premium has been increased to allow the £172,000 reduction in the par value of shares set off by the removal of £100,000 existing share premium as part of the acquisition accounting.

25. Related parties

Transactions with key management personnel

Key management personnel in situ at 31 December 2014 and their immediate relatives control 13.7% of the voting shares of the Company.

Key management personnel are considered to be the Directors of the Company as well as those of National Accident Helpline Limited and any other management serving as part of the Executive team. Detailed below is the total value of transactions with these individuals.

	2014 £000	2013 £000
Short-term employment benefits	**2,307**	2,364
Termination benefits	**150**	–
	2,457	2,364

Some members of key management personnel received loans from the company for the purchase of Consumer Champion Group Limited shares from the Employee Benefit Trust (EBT). These loans were not recognised on the balance sheet as the assets and liabilities of the EBT are recognised on the Company balance sheet. All loans were repaid during 2014. The total value of these loans at 31 December 2013 was £186,000. These loans do not accrue interest.

At 31 December 2014, no loans remained outstanding from key management personnel (2013: £27,000). This loan is included within other receivables and was made to enable the Director to purchase shares in the company. The loan did not accrue interest and was repaid during 2014.

On 15 May 2014 PPI Claimline Limited (PPI), a previously 100% owned subsidiary, was sold. As a result of the Directors of NAHL Group plc continuing to own shares in PPI it is considered to be a related party. Transactions with PPI since the disposal were invoices for services provided by Consumer Champion Group Limited for IT related solutions totalling £2,366. At 31 December 2014 £360 remained outstanding.

26. Net debt

Net cash included cash and cash equivalents, secured bank loans, loan notes and preference shares.

	2014 £000	2013 £000
Cash and cash equivalents	**13,637**	14,249
Other interest-bearing loans and loan notes – current liabilities	**(5,901)**	(6,789)
Preference shares – non current liabilities	**–**	(70)
Net cash	**7,736**	7,390

Set out below is a reconciliation of movements in net cash during the period.

	2014 £000	2013 £000
Net decrease in cash and cash equivalents	**(806)**	(20,022)
Cash relating to discontinued operations	**194**	(196)
Cash and cash equivalents net inflow from increase in debt and debt financing	**996**	29,038
Movement in net borrowings resulting from cash flows	**384**	8,820
Other non-cash changes	**(38)**	(2,674)
Movement in cash in period	**346**	6,146
Net cash at beginning of period	**7,390**	1,244
Net cash at end of period	**7,736**	7,390

27. Events after the reporting period

On 17 February 2015 the Group acquired the entire share capital of Fitzalan Partners Limited. Due to the proximity of the acquisition date to the release of the annual report, valuations of assets and liabilities acquired along with the disclosures required by IFRS 3 (Revised) have not yet been prepared. Disclosure will be made in future annual financial statements. NAHL Group plc is paying up to £4.3m consideration made up of an initial cash consideration of £3.0m and further cash of up to £1.3m prior to 31 December 2015 dependent on certain conditions being met.

Fitzalan Partners Limited, a UK company founded in 2011, is an online marketing specialist that uses innovative proprietary technology platforms to target home buyers and sellers in England and Wales and offers lead generation services to PLFs and surveyors in the conveyancing sector.

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Glossary

Access to Justice Bill	Act of Parliament replacing the Legal Aid system
After The Event Insurance	An insurance product offered to consumers through Allianz to insure any compensation when the claim is settled
Allianz	National Accident Helpline's insurance partner providing After The Event insurance
ATE	After The Event insurance
CMR	Claims Management Regulator
CRU	Compensation Recovery Unit
Fitzalan	Fitzalan Partners
Group	NAHL Group plc
LASPO	Legal Aid, Sentencing and Punishment of Offenders Act 2012 (enacted 1 April 2013)
Live chat	Web-based chat service offered to consumers online via the National Accident Helpline and Underdog websites
LSA	Legal Service Advisor - fully trained employees within National Accident Helpline's contact centre taking calls from consumers to assist with their claim
NAH	National Accident Helpline
Non-RTA	Non-Road Traffic Accident (includes employer, occupier and public liability)
PI	Personal Injury - an injury or illness suffered through no fault of an individual's own (for example, in a road accident, a slip, trip or fall, medical negligence, work accident or an industrial disease)
PLF	Panel Law Firm – a Personal Injury law firm selected to sit on our panel and take our enquiries
Post-LASPO	After enactment of LASPO on 1 April 2013
PPC	Pay Per Click
Pre-LASPO	Before enactment of LASPO on 1 April 2013
RTA	Road Traffic Accident
SAYE	The Save As You Earn share scheme that was introduced for employees on admission, giving them an opportunity to purchase shares in the company at a discounted rate following a three-year savings period
SEO	Search Engine Optimisation

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