Notes to the Consolidated Financial Statements
For the 52 week period ended 23 February 2019

1. Accounting policies

General information
The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, West Yorkshire, WF17 9TD.

Accounting convention
The financial statements have been prepared under International Financial Reporting Standards (IFRS) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The Company financial statements have also been prepared in accordance with IFRS endorsed by the European Union. These financial statements have been prepared under the historical cost convention. The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the period ended 23 February 2019.

New and amended standards adopted by the Group and Company

IFRS 2	Classification and Measurement of Share-based Payment Transactions amendments
IFRS 2014-2016 Cycle	Annual Improvements
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers'
IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. IFRS 15 establishes the principles to determine the nature, amount and timing, and uncertainty of revenue and cash flows arising from a contract with a customer and has been adopted from 25 February 2018.

All of the Group's revenue is accounted for in accordance with IFRS 9.

IFRS 9
IFRS 9 'Financial instruments' is effective from 1 January 2018 and replaces IAS 39 'Financial instruments: Recognition and measurement'. The standard has been applied prospectively and prior year comparatives will not be restated.

Classification and measurement
In adopting IFRS 9 the Group firstly considered the three available classifications of Financial Assets for businesses:
- Hold to collect – the asset is held to collect contractual cash flows
- Hold to collect and sell – the asset is held to collect contractual cash flows but may sell them at some future point
- Hold to sell – an asset is originated with the intention of disposing of it

The most appropriate classification for the Group for all financial assets is Hold to collect, which requires assets to be held at amortised cost, as the Group has no intention of selling the assets which it originates. This is subject to the contractual cash flows for loans being only repayments of principal and interest, of which they are. Under IAS 39 the amortised cost basis was adopted previously.

On initial application of IFRS9 all financial assets were previously categorised as loans and receivables were reclassified to amortised cost. Since loans and receivables were previously measured at amortised cost under IAS39 there was no impact on the measurement basis or related carrying values.

In respect of financial liabilities there has been no change to the classification or measurement on adoption of IFRS9.

Impairment of amounts receivable from customers
IFRS 9 significantly changes the recognition of impairment on customer receivables by introducing an expected loss (EL) model. Under the EL approach, impairment provisions are recognised on inception. This differs from the incurred loss model under IAS 39 where impairment provisions are only reflected when there is objective evidence of a credit-affecting event, such as two or more missed payments.

The resulting effect is that impairment provisions under IFRS 9 are recognised earlier. This has resulted in a one-off adjustment to receivables and reserves on adoption and results in the delayed recognition of profits.

Provisions are based on historical default and collection performance which are reviewed at each reporting period.

There will be a small shift in distribution of profit between H1 & H2 with a slightly higher profit in H1 and a slightly lower profit in H2. Distribution of profits are affected by the business' seasonality and will be lower in times of growth due to higher day 1 provisioning.

The Group has adopted the standard three banding profile for customer accounts receivable as outlined in the standard and classifies customer receivables into the following categories:

Stage 1 – Low Credit Risk
Stage 2 – Significant Increase in Credit Risk
Stage 3 – Credit Impaired

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

1. Accounting policies *(continued)*

From the date of adoption the Group applies the following income and impairment methodologies for the amounts receivable from customers

	Income Recognition	Impairment
Stage 1	Income recognised on the gross carrying value of the asset (amortised cost)	12-month expected losses
Stage 2	Income recognised on the gross carrying value of the asset (amortised cost)	Lifetime Expected Losses
Stage 3	Income recognised on the net carrying value of the asset i.e. gross carrying value less impairment provision (amortised cost)	Lifetime Expected Losses

For stage 1: Losses are recognised on inception of a loan based on 12-month expected losses utilising historic repayment data.

Stage 2: Lifetime losses are then recognised using a discounted cash flow model when a significant increase in credit risk is evident from two missed weekly payments in the last 13 weeks.

Stage 3: A customer is deemed to have defaulted when the customer has missed 10 payments over 13 weeks.

A loan can move from having an impairment provision calculated on a lifetime expected loss basis back to a 12-month expected losses basis if the payment performance for the loan has improved at the review date.

Stage 2 and Stage 3 are defined with reference to the number of contractual payments that have been missed in the previous 13-week period. As a result, there exists a cohort of loans for which the 30/90 day backstops have been rebutted. Recent arrears performance is considered to be a more robust indicator of credit risk than days-past-due for the customer base.

Macroeconomic overlay
Through involvement in the Regional CBI, Morses Club PLC receives good insight into the current macro-economic landscape.

Most economic analysis from the Bank of England and HM Treasury recognise the reduced level of consumer confidence and growth in the economy, with the uncertainty around what form Brexit will take, contributing to this.

Management have considered that there may be a period of uncertainty in the general economy post Brexit, with possible increases in unemployment and interest rates as the government may employ some 'quantitative easing' measures to stimulate demand in the domestic economy.

In terms of the impact of increased unemployment, the home credit sector has generally been quite resilient in periods where unemployment has been increasing, due in part to the HCC customer base typically having a mixture of wages and benefits within household incomes. As a result, no macroeconomic overlays for Brexit and other factors have been applied.

Revenue recognition
In addition to earlier recognition of impairments through the expected loss model there is also a change to revenue recognition. Interest income, for receivables in Stage 1 and Stage 2 is calculated on gross carrying value, using the Effective Interest Rate (EIR) method. The EIR is calculated using estimated cash flows, based on contractual cash flows adjusted for early settlement and late repayments. Income on loans in Stage 3 is now being calculated on the net carrying value i.e. gross carrying value less impairment provision.

Impact of adoption
The following table shows the adjustments required in the key Balance Sheet areas at adoption on 25 February 2018:

	24 Feb 2018 As originally presented £'000	IFRS 9 Adjustment £'000	25 Feb 2018 Restated £'000
Current assets			
Amounts receivable from customers	72,828	(3,931)	68,897
Non current liabilities			
Deferred tax (liability)/asset	(144)	699	555
Equity			
Retained earnings	66,520	(3,232)	63,288

The IFRS 9 adjustment, as shown in the table above, is the net impact after consideration of both the revenue recognition and impairment criteria under the new standard.

The only IFRS 9 adjustment is in respect of the changes in the measurement of net receivables and the resulting impact on taxation.

At the IFRS 9 conversion date of 25 February 2018 the amounts receivable from customers analysed across the three Stages are as follows:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Gross Carrying Amount	57,187	32,089	19,980	109,256
Impairment Provision	(8,712)	(14,829)	(16,818)	(40,359)
Net Amounts Receivable	48,475	17,260	3,162	68,897

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 2015-2017 Cycle	Annual Improvements
IFRS 16	Leases
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The implementation of all other standards are not expected to have a material impact on the Group's financial statements other than:

Implementation of IFRS 16, Leases
IFRS 16, 'Leases', replaces IAS 17, 'Leases' and provides a model for the identification of lease arrangements and the treatment in the financial statements of both lessees and lessors. The standard distinguishes leases and service contracts on the basis of whether an identified asset is controlled by the customer. Distinctions of operating leases and finance leases are removed for lessee accounting and are replaced by a model where a right-of use asset and a corresponding liability are recognised for all leases by lessees, except for short-term assets and leases of low value assets.

The right of use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The classification of cash flows will also be affected as under IAS 17 operating lease payments are presented as operating cash flows; whereas under IFRS 16, the lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. The Group will adopt IFRS 16 from 24 February 2019, the beginning of the next financial year. This is expected to result in an increase to both assets and liabilities of between £3-4 million and is not expected to have a material impact on the income statement.

Alternative performance measures
In reporting financial information, the Group presents alternative performance measures, 'APMs' which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these measures are also used for the purpose of setting remuneration targets.

Each of the APMs used is set out on pages 105 to 107 including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

The Group makes certain adjustments to the statutory measures in order to derive APMs where relevant. The Group's policy is to exclude items that are considered to be significant in both nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 23 February 2019.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

1. Accounting policies *(continued)*

Revenue recognition
Under IFRS 9, all receivables are recognised within Stage 1 on inception of the loan. A customer will then move to Stage 2 when there has been a significant increase in credit risk through a deterioration in their Payment Performance. Stage 3 represents a customer in default. Revenue recognition is recognised on the Gross Receivable in Stages 1 and 2 and on the Net Receivable in Stage 3. A customer can only move to or back out of Stage 3 for revenue recognition purposes at the Group's interim or year end.

Stage 1 – Accounts at initial recognition. Revenue is recognised on the Gross Receivable before Impairment Provision.

Stage 2 – Accounts which have suffered a significant deterioration in credit risk but have not defaulted. Revenue is recognised on the Gross Receivable before Impairment Provision.

Stage 3 – Accounts which have defaulted. Revenue is recognised on the Net Receivable after Impairment Provision.

Under IFRS the amount of revenue recognised is capped at the contractual amount due.

See *Critical accounting judgements and key sources of estimation uncertainty* for more information.

Net loan book
All customer receivables are initially recorded at the amount loaned to the customer i.e. fair value. After initial recognition the amounts receivable from customers are subsequently measured at amortised cost.

The Directors assess on an ongoing basis whether there is objective evidence that a loan asset or group of loan assets is impaired and requires an additional deduction for impairment. Impairment is calculated using models which use historical payment performance to calculate the estimated amount and timing of future cash flows from each arrears stage. Impairment is then calculated by estimating the future cash flows for such impaired loans, discounting the cash flows to a present value using the original EIR and comparing this figure with the balance sheet carrying value. All such impairments are charged to the income statement.

Under IFRS 9, all receivables are recognised within Stage 1 on inception of the loan. A customer will then move to Stage 2 when there has been a significant increase in credit risk through a deterioration in their Payment Performance. Stage 3 represents a customer in default.

Stage 1 – Accounts at initial recognition. The Impairment Provision is based on 12-month expected losses, based on historic performance.

Stage 2 – Accounts which have suffered a significant deterioration in credit risk but have not defaulted. The Impairment Provision is based on lifetime losses, based on historic performance.

Stage 3 – Accounts which have defaulted. The Impairment Provision is based on lifetime losses, based on historic performance.

Impairment provisions under IFRS 9 are calculated based on historic loan book performance and considers the outlook for macro-economic conditions. Further details can be found on pages 79 to 80.

Key assumptions in ascertaining whether a loan asset or group of loan assets is impaired include information regarding the probability of any account going into default and information regarding the likely eventual loss including recoveries. These assumptions and assumptions for estimating future cash flows are based upon observed historical data and updated as management considers appropriate to reflect current and future conditions. All assumptions are reviewed regularly to take account of differences between previously estimated cash flows on impaired debt and the eventual losses.

Payment performance and missed payments are used as indicators to identify loans with no reasonable expectation of recovery and these loans are subsequently written off.

See *Critical accounting judgements and key sources of estimation uncertainty* for more information.

Business combinations
Acquisitions are accounted for using the acquisition method. Acquisition costs are expensed to the income statement. The consideration transferred in a business combination is measured at fair value. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:
- deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 Income Taxes.

Goodwill
Goodwill arising on the acquisition of business combinations, representing any excess of fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and reviewed for impairment at least annually.

Gains on acquisition arising on the purchase of a business are recognised directly in the income statement.

Other intangibles assets
Other intangible assets include acquisition intangibles in respect of customer relationships and agent networks as well as software, servers and licences.

The fair value of customer relationships on acquisition has been estimated by discounting the expected future cash flows from the relationships over their estimated useful economic lives of ten years, such estimate being based on previous experience of similar acquisitions. The assets will be amortised over their estimated useful lives in line with the realisation of their expected benefits. Due to the behavioural profile of our customers, this will naturally result in a greater amortisation charge in the early years with a corresponding reduction in later years.

The fair value of agent networks on acquisition is calculated based on the estimated cost of developing a similar network organically. The assets are amortised over their estimated useful economic lives of ten years, such estimate being based on previous experience of similar acquisitions, in line with the realisation of their expected benefits arising from the customer relationships associated with the agent network.

Software and licences are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Amortisation is included within administration expenses.

Property, plant and equipment
Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Computers and Tablets	- 20%-33% on cost
Fixtures & fittings	- 20% on cost

Investments in subsidiaries
Subsidiaries are entities over which the Company has power to govern the financial and operating policies so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases.

Investments in subsidiaries are stated at cost less any provision for impairment. The investments in subsidiaries are considered for impairment on a bi-annual basis.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances

Pension costs and other post-retirement benefits
The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the income statement in the period to which they relate.

Going concern
The Directors have considered the appropriateness of adopting the going concern basis in preparation of these financial statements.

The Group has prepared a three-year business plan which is a continuation of its strategy of generating growth through organic and acquisitive means.

In addition to standard internal governance the Group is also monitored against key financial covenants tied in with the current funding facilities. These are produced and submitted on a monthly basis, with key schedules included in the monthly Board Papers.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

1. Accounting policies *(continued)*

The Group is subject to a number of risks and uncertainties which arise as a result of the current economic environment. In determining that the Group is a going concern, these risks, which are described in the principal risks and uncertainties section, have been considered by the Directors. The Directors have considered these risks in the Group's forecasts and projections which highlight continued profitability for the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is valued at the prevailing rates at which it is expected to unwind.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Finance costs
Finance costs comprise the interest expense on external borrowings which are recognised in the income statement in the period in which they are incurred and the funding arrangement fees which were prepaid and are being amortised to the income statement on an EIR basis over the length of the funding arrangement.

Leasehold
Costs incurred in refurbishing or fitting out leasehold properties are capitalised and depreciated over the length of the relevant lease. At period end these assets had a £nil carrying value having been fully depreciated in prior periods.

Group restructuring reserve
The group reconstruction reserve was created within the Company balance sheet during the financial year ending 28 February 2015. This was required following the Company's acquisition of 100% of the ordinary share capital of Shopacheck Financial Services Limited ("SFS") from its then parent company, and the subsequent hive up of the trade and assets of SFS into the Company at carrying value.

The group reconstruction reserve was initially accounted for using merger accounting, with the assets and liabilities of SFS therefore being transferred into the Company at carrying value rather than fair value. The difference between the carrying value of the assets and liabilities transferred and the consideration paid was taken directly to the group reconstruction reserve.

There has been no change to the balance held within this reserve since it was initially recognised and this is due to the Company continuing to own 100% of the ordinary share capital of SFS.

Share-based payments
The Company operates three equity-settled share-based compensation schemes for Directors and three for employees.

The fair value of the share options granted is recognised over the vesting period to reflect the achievement of performance conditions over time. The charge relating to grants to employees of the Company is recognised as an expense in the income statement.

The fair value of the share options granted, excluding the impact of any non-market vesting conditions, is calculated using established option pricing models, being Monte Carlo simulation or Black-Scholes. The probability of meeting non-market vesting conditions, which include profitability targets, is used to estimate the number of share options which are likely to vest.

Exceptional items
Exceptional items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results. Exceptional costs are recognised in the income statement in the period they are incurred.

Segment Reporting
IFRS 8 Operating Segments requires segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ('CODM'). The Chief Operating Decision Maker is the Executive Committee ('ExCo').

All results are viewed as one segment by the CODM for the purposes of management decisions. This is because all operations are conducted within the UK and all material operations are of the same nature and share the same economic characteristics including a similar customer base and nature of products and services (i.e. consumer credit). As a result, the Group only has one reportable segment being consumer credit.

Due to the size of Shelby Finance Limited relative to the Group, it is not considered to be a separate Cash Generating Unit (CGU) in the current period. Shelby Finance Limited is an instalment loan business and so is not integrated within the operations of the Company.

Critical accounting judgements and key sources of estimation uncertainty
The following areas are the critical judgements and key sources of estimation uncertainty that the Directors have made in applying the Group's accounting policies:

Critical accounting judgements
There are no critical accounting judgements.

Key Sources of estimation uncertainty
Impairment
Under IFRS 9 an impairment provision is recognised on inception of the loan whether it is deemed to be impaired or not. The Group is required to estimate the quantum and timing of cash flows that will be recovered, which are discounted to present value based on the EIR of the loan. Receivables are impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 13 weeks, since only at this point do the expected future cash flows from loans deteriorate significantly. Impairment is calculated using models which use historical payment performance to generate the estimated amount and timing of future cash flows from each arrears stage. Management use a combination of historical cash performance curves to estimate future cash flows. These estimations are revised annually and approved by management.

The key estimate within the impairment provision is the collection curves, which are derived from a five-year average of actual performance. The impact of updating these curves during the year was a reduction in the provision of £0.6m.

To the extent that the net present value of estimated future cash flows differs by +/- 5% based on reasonably expected outcomes over the next 12 months, it is estimated that the amounts receivable from customers would be approximately £5.6m (2018: £2.4m) higher/lower. The current year calculation under IFRS 9 includes a £3m sensitivity on Stage 1 balances, whereas the prior year under IAS 39 did not include Stage 1.

Revenue Recognition
Under IFRS 9 interest income should be recognised on the expected life of the loan. The Group has made an estimate of the expected life of the loan based on historical loan book performance. The expected life of a loan was changed during the year in line with Group policy.

If the expected life of the loans shortens by two weeks, it is estimated that revenue would be approximately £1.0m (2018: £1.6m) higher. The decrease in sensitivity is attributed to the change from IAS 39 to IFRS 9, whereby revenue is recorded quicker under the new accounting standard.

2. Staff costs

	52 weeks ended 23.2.19 £'000	52 weeks ended 24.2.18 £'000
Wages and salaries	**18,064**	17,345
Social security costs	**2,059**	2,290
Other pension costs (note 21)	**579**	426
	20,702	20,061

The average monthly number of employees during the period was as follows:

	52 weeks Ended 23.2.19	52 weeks ended 24.2.18
Management	**145**	144
Clerical & field staff	**364**	379
	509	523

Redundancy costs total £Nil (2018 – £1,019,034). These are a combination of post-acquisition integration costs and business-as-usual restructuring costs. The table above excludes the network of self-employed agents.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

3. Exceptional (income)/costs

	52 weeks ended 23.2.19 £'000	52 weeks Ended 24.2.18 £'000
Flotation costs	–	(71)
Total exceptional (income)/costs	–	(71)

4. Profit before taxation

Profit before tax is stated after charging:

	52 weeks Ended 23.2.19 £'000	52 weeks Ended 24.2.18 £'000
Depreciation – Owned assets	**475**	563
Amortisation of intangibles	**2,209**	2,950
Operating lease rentals – Motor vehicles	**1,368**	1,581
Operating lease rentals – Property	**1,127**	1,093
Restructuring costs	–	1,019

	52 weeks Ended 23.2.19 £'000	52 weeks Ended 24.2.18 £'000
Directors' remuneration (including key management personnel)	**1,290**	1,014
Directors' pension contributions to money purchase schemes	**24**	18
The number of Directors to whom retirement benefits were accruing was as follows:		
Money purchase schemes	**2**	2

Information regarding the highest paid Director is as follows:

	52 weeks Ended 23.2.19 £'000	52 weeks ended 24.2.18 £'000
Emoluments	**552**	412
Pension contributions to money purchase schemes	**9**	5

The analysis of auditor's remuneration is as follows:

	52 weeks Ended 23.2.19 £'000	52 weeks Ended 24.2.18 £'000
Fees payable to the Company's auditor for the audit of the Group's:		
– Financial statements	**254**	224
Fees payable to the Company's auditor and their associates for other services to the Group:		
– Subsidiary audit fee	–	–
Total audit fees	**254**	224
Audit-related assurance services	**27**	26
Taxation compliance services	–	–
Corporate finance services	**92**	–
Other services	–	–
Total non-audit fees	**119**	26

5. Finance costs

	52 weeks ended 23.2.19 £'000	52 weeks ended 24.2.18 £'000
Other interest payable	**1,745**	1,456
Total interest payable	**1,745**	1,456

6. Taxation

Analysis of the tax charge
The tax charge/(credit) on profit before tax for the period was as follows:

	52 weeks Ended 23.2.19 £'000	52 weeks ended 24.2.18 £'000
Current tax:		
UK corporation tax	**4,166**	3,526
Adjustment in respect of prior periods	**114**	(23)
Deferred tax on acquisitions	**(95)**	–
Origination and reversal of timing differences	**(39)**	(440)
Adjustment in respect of prior periods	**(104)**	(22)
Effect of change of tax rates	**–**	–
Total deferred tax	**(143)**	(462)
Tax on profit on ordinary activities	**4,042**	3,041

Factors affecting the tax charge
The tax assessed for the period is higher (2018: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	52 weeks Ended 23.2.19 £'000	52 weeks Ended 24.2.18 £'000
Profit on ordinary activities before tax	**20,217**	16,133
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**3,841**	3,065
Effects of:		
Ordinary expenses not deductible for tax purposes	**123**	(12)
Deferred tax on acquisitions	**(95)**	–
Effect of changes in tax rate	**111**	25
Movement in amounts not provided in deferred tax	**53**	8
Adjustment in respect of prior periods	**9**	(45)
Tax on profit on ordinary activities	**4,042**	3,041

The standard rate of corporation tax applicable for the period ended 23 February 2019 is 19% (2018: 19%).

Finance Bill 2016 provides that the tax rate will reduce to 17% with effect from 1 April 2020. The effect of this proposed tax rate reduction will be reflected in future periods.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

7. Dividend per share

	52 weeks Ended 23.2.19	52 weeks Ended 24.2.18
Dividends paid (£'000)	**9,591**	8,418
Weighted average number of shares ('000s)	**129,570**	129,500
Dividend per share (pence)	**7.40**	6.50

Subject to shareholder approval at the Annual General Meeting on 25 June 2019, the Board proposes to pay a final dividend of 5.2p per Ordinary Share payable on 26 July 2019 to all shareholders on the register at the close of business on 28 June 2019.

8. Earnings per share

	52 weeks ended 23.2.19	52 weeks ended 24.2.18
Earnings (£'000)	**16,175**	13,092
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share ('000s)	**129,570**	129,500
Effect of dilutive potential Ordinary Shares through share options ('000s)	**1,977**	1,133
Weighted average number of shares for the purposes of diluted earnings per share ('000s)	**131,547**	130,633
Basic earnings per share amount (pence)	**12.48**	10.11
Diluted earnings per share amount (pence)	**12.30**	10.02

Diluted earnings per share calculates the effect on earnings per share assuming conversion of all dilutive potential Ordinary Shares. Dilutive potential Ordinary Shares are calculated for awards outstanding under performance-related share incentive schemes such as the Deferred Share Plans. The number of dilutive potential Ordinary Shares is calculated based on the number of shares which would be issuable if the performance targets have been met.

9. Profit of Parent Company

As permitted by Section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial period was £17,253,045 (2018 – £14,999,353).

10. Goodwill

	Group Goodwill £'000	Company Goodwill £'000
Cost		
At 25 February 2017 and 24 February 2018	3,167	2,975
Additions	667	667
At 23 February 2019	**3,834**	**3,642**
Impairment		
At 25 February 2017 and 24 February 2018	(333)	(333)
Impairment charge for the period	–	–
At 23 February 2019	**(333)**	**(333)**
Net Book Value		
At 23 February 2019	**3,501**	**3,309**
At 24 February 2018	2,834	2,642
At 25 February 2017	2,834	2,642

Allocation of goodwill to cash generating units
Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Upon acquisition the activities of the acquired entities are closely aligned to those of the Company and are deemed to have been integrated rather than remain as separate CGUs.

Key assumptions used in goodwill impairment review
Determining whether goodwill is impaired requires an estimation of the discounted future cash flows of the Company using a discount rate of 11% and a terminal value based on a minimum future growth rate of 2%. The Group has conducted a sensitivity analysis on the goodwill impairment assessment and believes that there are no reasonably possible changes to the key assumptions in the next year which would result in the carrying value of goodwill exceeding the recoverable amount. The recoverable amount has been calculated using the value in use method. Goodwill is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. The key assumptions used in the value in use calculation are the growth rates and the discount rates adopted. The growth rates are based on the most recent financial budgets approved by the Group Board for the next three years. The discount rates which reflect the time value of money and the risks specific to the financial services sector are sourced from an independent third party.

11. Other intangible assets

Group	Software & Licences £'000	Customer Lists £'000	Agent Networks £'000	Totals £'000
Cost				
At 25 February 2017	5,041	20,766	850	26,657
Additions	1,412	–	–	1,412
At 24 February 2018	6,453	20,766	850	28,069
Additions	2,411	475	24	2,910
At 23 February 2019	**8,864**	**21,241**	**874**	**30,979**
Accumulated Amortisation				
At 25 February 2017	2,143	16,767	689	19,599
Charge for period	898	1,973	79	2,950
At 24 February 2018	3,041	18,740	768	22,549
Charge for period	1,185	984	40	2,209
At 23 February 2019	**4,226**	**19,724**	**808**	**24,758**
Net Book Value				
At 23 February 2019	**4,638**	**1,517**	**66**	**6,221**
At 24 February 2018	3,412	2,026	82	5,520
At 25 February 2017	2,898	3,999	161	7,058

Company	Software & Licences £'000	Customer Lists £'000	Agent Networks £'000	Totals £'000
Cost				
At 25 February 2017	4,942	3,214	130	8,286
Additions	1,377	–	–	1,377
At 24 February 2018	6,319	3,214	130	9,663
Additions	2,368	475	24	2,867
At 23 February 2019	**8,687**	**3,689**	**154**	**12,530**
Accumulated Amortisation				
At 25 February 2017	2,143	1,979	82	4,204
Charge for period	874	689	26	1,589
At 24 February 2018	3,017	2,668	108	5,793
Charge for period	1,154	289	11	1,454
At 23 February 2019	**4,171**	**2,957**	**119**	**7,247**
Net Book Value				
At 23 February 2019	**4,516**	**732**	**35**	**5,283**
At 24 February 2018	3,302	544	22	3,869
At 25 February 2017	2,799	1,235	48	4,082

Research and development expenditure expensed during the year was £197,252.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

12. Property, plant & equipment

Group	Computers & Tablets £'000	Fixtures & Fittings £'000	Leasehold £'000	Totals £'000
Cost				
At 25 February 2017	1,825	143	3	1,971
Additions	597	25	–	622
At 24 February 2018	2,422	168	3	2,593
Additions	31	–	–	31
At 23 February 2019	**2,453**	**168**	**3**	**2,624**
Depreciation				
At 25 February 2017	1,107	98	3	1,208
Charge for period	543	20	–	563
At 24 February 2018	1,650	118	3	1,771
Charge for period	456	19	–	475
At 23 February 2019	**2,106**	**137**	**3**	**2,246**
Net Book Value				
At 23 February 2019	**347**	**31**	**–**	**378**
At 24 February 2018	772	50	–	822
At 25 February 2017	718	45	–	763

Company	Computers & Tablets £'000	Fixtures & Fittings £'000	Totals £'000
Cost			
At 25 February 2017	1,417	132	1,549
Additions	597	25	622
At 24 February 2018	2,014	157	2,171
Additions	31	–	31
At 23 February 2019	**2,045**	**157**	**2,202**
Depreciation			
At 25 February 2017	699	87	786
Charge for period	543	20	563
At 24 February 2018	1,242	107	1,349
Charge for period	456	19	475
At 23 February 2019	**1,698**	**126**	**1,824**
Net Book Value			
At 23 February 2019	**347**	**31**	**378**
At 24 February 2018	772	50	822
At 25 February 2017	718	45	763

13. Investment in subsidiaries

	Company £'000
Cost	
At 25 February 2017	2,011
Additions – Shelby share issue	600
At 24 February 2018	2,611
Additions – Shelby share issue	250
At 23 February 2019	**2,861**

The Company owns 100% of the Ordinary Share capital of the following subsidiary undertakings, which are included in the Group's consolidation:

- Shopacheck Financial Services Limited (SFS), a Company registered in England and Wales (Company number: 07067456) with Registered Office, Kingston House, Centre 27, Woodhead Road, Birstall, Batley, West Yorkshire, WF17 9TD, whose principal activity was the provision of consumer credit and is currently non-trading.
- Shelby Finance Limited, a Company registered in England and Wales (Company number: 08117620) with Registered Office, Kingston House, Centre 27, Woodhead Road, Birstall, Batley, West Yorkshire, WF17 9TD, whose principal activity is the provision of consumer credit.

Shopacheck Financial Services Limited and Shelby Finance Limited both qualify for an exemption to audit under the requirements of Section 479A of the Companies Act 2006. As such, no audit has been conducted for these companies in the current financial year.

14. Trade and other receivables

Amounts receivable from customers

Amounts receivable from customers	Group 23.2.19 £'000	Group 24.2.18 £'000	Company 23.2.19 £'000	Company 24.2.18 £'000
Amounts falling due within one year:				
Net receivable from advances to customers	**72,840**	72,563	**72,819**	72,335
Amounts falling due after one year:				
Net receivable from advances to customers	**206**	265	**206**	265
Net loan book	**73,046**	72,828	**73,025**	72,600
Other debtors	**625**	429	**617**	429
Prepayments	**1,744**	1,610	**1,594**	1,413
	75,415	74,867	**75,236**	74,442

Amounts receivable from customers

	Group 23.2.19 £'000	Group 24.2.18 £'000	Company 23.2.19 £'000	Company 24.2.18 £'000
Amounts receivable from customers	**73,046**	72,828	**73,025**	72,600
Analysis by future date due				
– due within one year	**72,840**	72,563	**72,819**	72,335
– due in more than one year	**206**	265	**206**	265
Amounts receivable from customers	**73,046**	72,828	**73,025**	72,600
Analysis by security				
Other loans not secured	**73,046**	72,828	**73,025**	72,600
Amounts receivable from customers	**73,046**	72,828	**73,025**	72,600

Impairment provisions are recognised on inception of a loan based on the expected 12-month losses or the lifetime losses of the loan.

Stage 1 – Accounts at initial recognition. The Impairment Provision is based on 12-month expected losses, based on historic performance. Revenue is recognised on the Gross Receivable before Impairment Provision.

Stage 2 – Accounts which have suffered a significant deterioration in credit risk but have not defaulted. The Impairment Provision is based on lifetime losses, based on historic performance. Revenue is recognised on the Gross Receivable before Impairment Provision.

Stage 3 – Accounts which have defaulted. The Impairment Provision is based on lifetime losses, based on historic performance.

Impairment provisions under IFRS 9 are calculated based on historic loan book performance and considers the outlook for macro-economic conditions. Further details can be found on pages 79 to 80.

Notes to the Consolidated Financial Statements *continued*

For the 52 week period ended 23 February 2019

14. Trade and other receivables *continued*

At 23 February 2019 the amounts receivable from customers are as follows:

	Group £'000	Company £'000
Gross carrying amount	115,536	115,443
Impairment provision	(42,490)	(42,418)
Net amounts receivable	**73,046**	**73,025**

Amounts receivable from customers for Home Collected Credit can be reconciled as follows:

Home Collected Credit	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	2018/19 IFRS 9 Total £'000
Gross carrying amount				
At 25 February 2018	57,187	32,089	19,980	109,256
New financial assets originated	178,468	33	11	178,512
Net transfers and changes in credit risk	(72,471)	43,349	29,122	–
Write-offs	(1,265)	(1,938)	(21,991)	(25,194)
Collections	(212,105)	(48,351)	(5,124)	(265,580)
Revenue	106,955	10,008	43	117,006
Other movements	1,536	–	–	1,536
At 23 February 2019	**58,305**	**35,190**	**22,041**	**115,536**
Loan loss provision account				
At 25 February 2018	8,712	14,829	16,818	40,359
Movements through income statement:				
New financial assets originated	27,035	15	9	27,059
Net transfers and changes in credit risk	(26,303)	3,043	23,526	266
Total movements through income statement	**732**	**3,058**	**23,535**	**27,325**
Other movements:				
Write-offs	(1,265)	(1,938)	(21,991)	(25,194)
Loan loss provision account at 23 February 2019	**8,179**	**15,949**	**18,362**	**42,490**
Reported amounts receivable from customers at 23 February 2019	**50,126**	**19,241**	**3,679**	**73,046**
Reported amounts receivable from customers at 25 February 2018	48,475	17,260	3,162	68,897

15. Amounts falling due within one year

	Group		Company	
	23.2.19 £'000	24.2.18 £'000	23.2.19 £'000	24.2.18 £'000
Trade creditors	**2,019**	1,504	**2,003**	1,466
Amounts owed to group undertakings	**–**	–	**836**	1,002
Social security and other taxes	**501**	441	**501**	441
Other creditors	**1,445**	745	**1,445**	745
Accrued expenses	**3,061**	2,895	**3,044**	2,875
Deferred consideration	**456**	–	**456**	–
	7,482	5,585	**8,285**	6,529

16. Bank and other borrowings : amounts falling due after one year

	Group and Company	
	23.2.19 £'000	24.2.18 £'000
Bank loans	**14,500**	16,000
Unamortised arrangement fees	**(425)**	(448)
	14,075	15,552

In November 2018 the Company signed a £10,000,000 loan facility to bring its total revolving credit facilities to £50,000,000. In addition, the Company also signed a £15,000,000 mezzanine facility of which £5,000,000 is committed and £10,000,000 is uncommitted. The fees incurred in relation to these facilities were £254,750 and are being amortised over the life of the arrangements.

The bank loan is made up of a revolving credit facility held with Shawbrook Bank Limited, a major high street bank and a private equity firm along with a mezzanine credit facility with the private equity firm. Under the terms of the loan covenants, the loan book is held as collateral against the funds borrowed.

17. Operating lease commitments

The following operating lease payments are committed to be paid as follows:

	Group and Company			
	Other operating leases		Land & buildings	
	23.2.19 £'000	24.2.18 £'000	**23.2.19 £'000**	24.2.18 £'000
Existing:				
Within one year	**1,127**	1,063	**424**	415
Between one and five years	**970**	1,756	**92**	108
	2,097	2,819	**516**	523

Land and building operating lease commitments relate to the future rental payments until first break of the head office property at Kingston House, Birstall and the network of regional offices.

Other operating lease commitments relate to the fleet of company cars.

18. Deferred tax

	Group		Company	
	23.2.19 £'000	24.2.18 £'000	**23.2.19 £'000**	24.2.18 £'000
Fixed asset temporary differences	**(128)**	(161)	**(128)**	(161)
Other temporary differences	**(830)**	305	**(969)**	12
Deferred tax liability/(asset)	**(958)**	144	**(1,097)**	(149)

	Group £'000	Company £'000
Balance as at 25 February 2017	617	70
Credit for the period	(451)	(197)
Adjustment in respect of prior periods	(22)	(22)
Balance as at 24 February 2018	144	(149)
IFRS 9 adjusment	(699)	(699)
ACAs		
Deferred Tax change in profit and loss account for period – CY	18	18
Deferred Tax change in profit and loss account for period – PY	–	–
Deferred Tax rate change	15	15
STTDs		
Deferred Tax change in profit and loss account for period – CY	(46)	108
Deferred Tax change in profit and loss account for period – PY	(104)	(104)
Deferred Tax rate change	72	72
Intangibles		
Deferred Tax change in profit and loss account for period – CY	4	4
Deferred Tax change in profit and loss account for period – PY	–	–
Deferred Tax rate change	25	25
Share-based payments		
Deferred Tax change in profit and loss account for period – CY	(142)	(142)
Deferred Tax change in profit and loss account for period – PY	–	–
Deferred Tax rate change	15	15
Deferred Tax on share-based payments	(260)	(260)
Balance as on 23 February 2019	**(958)**	**(1,097)**

Notes to the Consolidated Financial Statements *continued*

For the 52 week period ended 23 February 2019

18. Deferred tax *continued*

	Group £'000	Company £'000
Asset values for which deferred tax has not been recognised in relation to the TWDV of intangible fixed assets which are not available to deduct against profits until the intangibles are realised	(344)	(344)
Asset values for which deferred tax has not been recognised in relation to tax losses carried forward which are available to offset against future taxable profits from the same trade.	(48)	–
Total value of assets on which deferred tax has not been recognised	**(392)**	**(344)**

19. Called up share capital

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal Value:	**23.2.19 £'000**	24.2.18 £'000
129,500,000	Ordinary	£0.01	**1,295**	1,295
292,122	Ordinary	£0.01	**3**	–
			1,298	1,295

20. Reserves

Group	Retained Earnings £'000	Total £'000
At 25 February 2017	60,083	60,083
Profit for the period	13,092	13,092
Deferred tax adjustment	11	11
Research and development credit adjustment	26	26
Share-based payment charge	431	431
Dividends paid	(8,418)	(8,418)
At 24 February 2018	65,225	65,225
Impact of adoption of IFRS 9	(3,931)	(3,931)
Deferred tax impact of IFRS 9	699	699
At 25 February 2018	61,993	61,993
Profit for the period	16,175	16,175
Share-based payment charge	1,104	1,104
Dividends paid	(9,591)	(9,591)
At 23 February 2019	**69,681**	**69,681**

Company	Group Reconstruction Reserve £'000	Retained Earnings £'000	Total £'000
At 25 February 2017	(9,276)	67,070	57,794
Profit for the period	–	14,999	14,999
Deferred tax adjustment	–	11	11
Research and development credit adjustment	–	26	26
Share-based payment charge	–	431	431
Dividends paid	–	(8,418)	(8,418)
At 24 February 2018	(9,276)	74,120	64,844
Impact of adoption of IFRS9	–	(3,875)	(3,875)
Deferred tax impact of IFRS 9	–	699	699
At 25 February 2018	–	70,944	61,668
Profit for the period	–	17,253	17,253
Share-based payment charge	–	1,104	1,104
Dividends paid	–	(9,591)	(9,591)
At 23 February 2019	**(9,276)**	**79,710**	**70,434**

21. Retirement benefit schemes

Defined contribution schemes
The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of the pension provider. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total costs charged of £578,906 (2018: £425,585) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. Contributions payable to the schemes at the year end were £102,920 (2018: £66,465).

22. Ulitimate Parent Company

The Directors consider there to be no ultimate Parent Company.

23. Acquisitions

During the period the Company made a number of acquisitions. For each of the acquisitions detailed below the Company has undertaken an analysis of the fair value of the receivables acquired compared with the gross contractual amounts of the receivables book and the contractual cash flows not expected to be collected.

As the financials for each of the acquisitions detailed below were not available for the period prior to acquisition it is not possible to disclose the impact on profit before tax and amortisation of acquisition intangibles had the acquisitions been completed on the first day of the financial period. None of the goodwill recognised in relation to acquisitions made during this reporting period are expected to be deductible for tax purposes.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

23. Acquisitions *(continued)*

Eccles Limited
30 January 2019 the Company acquired the loan book and certain assets of Eccles Limited via a cash purchase. The Company acquired the assets of Eccles Limited for the purpose of increasing its customer base. The costs incurred in relation to this acquisition of £21,637 were expensed to the Income Statement.

	Book Value £'000	Fair Value Adjustments £'000	Fair Value £'000
Non-current assets			
Intangible assets	–	270	270
Tangible fixed assets	53	–	53
Current assets			
Amounts receivable from customers	655	–	655
Total assets	**708**	**270**	**978**
Deferred tax	(51)	–	(51)
Total liabilities	(51)	–	(51)
Net assets	**657**	**270**	**927**

Goodwill arising on acquisition	£'000
Consideration	1,297
Net assets acquired	(927)
Goodwill	**370**

Hays Limited
On 11 February 2019 the Company acquired the loan book and certain assets of Hays Limited via a cash purchase. The Company acquired the assets of Hays Limited for the purpose of increasing its customer base. The costs incurred in relation to this acquisition of £18,043 were expensed to the Income Statement.

	Book Value £'000	Fair Value Adjustments £'000	Fair Value £'000
Non-current assets			
Intangible assets	–	229	229
Current assets			
Amounts receivable from customers	864	–	864
Total assets	**864**	**229**	**1,093**
Deferred tax	(43)	–	(43)
Total liabilities	(43)	–	(43)
Net assets	**821**	**229**	**1,050**

Goodwill arising on acquisition	£'000
Consideration	1,346
Net assets acquired	(1,050)
Goodwill	**296**

24. Financial instruments

The Group and the Company's principal financial instruments are amounts receivable from customers, cash, bank overdrafts and bank loan.

The Group and the Company's business objectives rely on maintaining a well spread customer base of carefully controlled quality by applying strong emphasis on good credit management, both through strict lending criteria at the time of underwriting a new credit facility and continuous monitoring of the collection process.

As at 23 February 2019 the Company and Group's indebtedness amounted to £14,500,000 (2018: £16,000,000).

Currency risk
The Group has no exposure to foreign currency risk.

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

The Group has not disclosed impairment allowance split by risk rating as this split is not used internally by the Group to monitor loan book performance

(i) Amounts receivable from customers
The Group's maximum exposure to credit risk on amounts receivable from customers as at 23 February 2019 is the carrying value of amounts receivable from customers of £73,046,149 (2018: £72,828,003).

Credit risk is managed using a combination of lending policy criteria, credit scoring (including behavioural scoring), policy rules, individual lending approval limits, central underwriting and a home visit to make a decision on applications for credit.

The loans offered to customers are short-term, typically a contractual period of between 20 and 52 weeks (2018: between 20 and 52 weeks), with an average value of approximately £350 (2018: £320). The loans are underwritten in the customers' home by an agent following a full affordability assessment and eligibility against credit policy. Once a loan has been made, the agent visits the customer weekly to collect repayments. The agent is well placed to identify signs of strain on a customer's income and can moderate lending accordingly. Equally, the regular contact and professional relationship that the agent has with the customer allows them to manage customers' repayments effectively even when the household budget is tight. This can be in the form of taking part-payments, allowing missed payments or occasionally restructuring the debt in order to maximise cash collections.

Agents are paid commission for what they collect and not for what they lend, so their main focus is on ensuring loans are affordable at the point of issue and then on collecting cash. Affordability is reassessed by the agent each time an existing customer is re-served. This normally takes place within 12 months of the previous loan because of the short-term nature of the products.

Arrears management is a combination of central letters, central telephony, and field activity undertaken by field management. This will often involve a home visit to discuss the customer's reasons for non-payment and to agree a suitable resolution.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

24. Financial instruments *(continued)*

(ii) Bank counterparties
The Group's maximum exposure to credit risk on bank counterparties as at 23 February 2019 was £7,893,230 (2018: £4,867,521).

Counterparty credit risk arises as a result of cash deposits placed with banks.

Counterparty credit risk is managed by the Board of Directors which ensures that the Group's cash deposits are only made with high-quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating.

Liquidity risk
Liquidity risk is the risk that the Group will have insufficient liquid resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

Liquidity risk is managed by daily monitoring of expected cash flows and ensuring that the Group maintains headroom on its committed borrowing facilities to fund growth and contractual maturities for at least the following 12 months. Funding is available through a £50,000,000 revolving asset-based credit facility and a separate £5,000,000 asset-based mezzanine credit facility. The Group's liquidity risk is shown in the following tables which measure the cumulative liquidity gap. Most of the Group's financial assets are repayable within one year which results in a positive liquidity position.

Group At 23 February 2019	**Less than 1 year £'000**	**More than 1 year but not more than 2 years £'000**	**More than 2 years but not more than 5 years £'000**	**More than 5 years £'000**	**No fixed maturity date £'000**	**Total £'000**
Financial Assets	72,840	206	–	–	–	73,046
Other Assets	2,369	–	–	–	11,058	13,427
Cash at bank and in hand	7,893	–	–	–	–	7,893
Total assets	83,102	206	–	–	11,058	94,366
Shareholders' funds	–	–	–	–	(70,979)	(70,979)
Other liabilities	(9,312)	(14,075)	–	–	–	(23,387)
Total liabilities and shareholders' funds	(9,312)	(14,075)	–	–	(70,979)	(94,366)
Cumulative Position	**73,790**	**59,921**	**59,921**	**59,921**	**–**	**–**

Group At 24 February 2018	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	No fixed maturity date £'000	Total £'000
Financial Assets	72,563	265	–	–	–	72,828
Other Assets	2,039	–	–	–	9,176	11,215
Cash at bank and in hand	4,868	–	–	–	–	4,868
Total assets	79,470	265	–	–	9,176	88,911
Shareholders' funds	–	–	–	–	(66,521)	(66,521)
Other liabilities	(6,694)	(15,552)	–	–	(144)	(22,390)
Total liabilities and shareholders' funds	(6,694)	(15,552)	–	–	(66,665)	(88,911)
Cumulative Position	72,776	57,489	57,489	57,489	–	–

Company **At 23 February 2019**	**Less than 1 year £'000**	**More than 1 year but not more than 2 years £'000**	**More than 2 years but not more than 5 years £'000**	**More than 5 years £'000**	**No fixed maturity date £'000**	**Total £'000**
Financial Assets	72,819	206	–	–	–	73,025
Other Assets	2,211	–	–	–	12,928	15,139
Cash at bank and in hand	7,758	–	–	–	–	7,758
Total assets	82,788	206	–	–	12,928	95,922
Shareholders' funds	–	–	–	–	(71,732)	(71,732)
Other liabilities	(10,115)	(14,075)	–	–	–	(24,190)
Total liabilities and shareholders' funds	(10,115)	(14,075)	–	–	(71,732)	(95,922)
Cumulative Position	**72,673**	**58,804**	**58,804**	**58,804**	**–**	**–**

Company At 24 February 2018	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	No fixed maturity date £'000	Total £'000
Financial Assets	72,335	414	–	–	–	72,749
Other Assets	1,842	–	–	–	9,944	11,786
Cash at bank and in hand	4,795	–	–	–	–	4,795
Total assets	78,972	414	–	–	9,944	89,330
Shareholders' funds	–	–	–	–	(66,139)	(66,139)
Other liabilities	(7,639)	(15,552)	–	–	–	(23,191)
Total liabilities and shareholders' funds	(7,639)	(15,552)	–	–	(66,139)	(89,330)
Cumulative Position	71,333	56,195	56,195	56,195	–	–

Interest rate risk

The Group's activities do not expose it to significant financial risks of changes in interest rates. There is considered to be no material interest rate risk in cash, trade and other receivables or trade and other payables.

Capital risk management

The Board of Directors assess the capital needs of the Group on an ongoing basis and approve all capital transactions.

The Group's policy is to maintain a strong equity and reserves base so as to maintain investor and market confidence and to sustain future development of the business. Management monitors the return on equity and return on assets and strives to deliver a progressive dividend policy for shareholders.

The Board of Directors recognises the balance required between maximising shareholder return and maintaining a prudent balance sheet. To this end the Group has a formal gearing policy. The Group defines gearing as Total Debt/Total Equity and has a preferred average level of gearing of less than 1.0.

The Group's Gearing at 23 February 2019 was:

	23.2.19 £'000	24.2.18 £'000
Gross Debt	**14,500**	16,000
Equity	**70,979**	66,520
Gearing	**0.20**	0.24

Existing loan facilities are subject to a number of bespoke financial covenants such as Interest cover which are monitored internally and submitted on a monthly basis to funders. There were no breaches of any of these covenants in the period to 23 February 2019.

Any changes to existing or adding of new loan facilities require the approval of the PLC Board.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

24. Financial instruments *(continued)*

Fair values of financial assets and liabilities

The fair values of amounts receivable from customers, bank loans and overdrafts and other assets and liabilities are considered to be not materially different from their book values. Fair values which are recognised or disclosed in these financial statements are determined in whole or in part using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and based on available observable market data. The fair value is derived from Level 3 inputs in accordance with IFRS 13 as the instruments are not traded in an active market and the fair value is therefore determined through discounting future cash flows.

The following table sets out the carrying value of the Group's financial assets and liabilities in accordance with the categories of financial instruments set out in IFRS 9. Assets and liabilities outside the scope of IFRS 9 are shown within non-financial assets/liabilities:

Group 23 February 2019	Financial Assets Measured at Amortised Cost £'000	Financial Liabilities Measured at Amortised Cost £'000	Non-financial Assets/ Liabilities £'000	Total £'000
Assets:				
Cash and cash equivalents	7,893	–	–	7,893
Amounts receivable from customers	73,046	–	–	73,046
Trade and other receivables	625	–	1,744	2,369
Deferred tax assets	–	–	958	958
Property, plant and equipment	–	–	378	378
Goodwill	–	–	3,501	3,501
Other intangible assets	–	–	6,221	6,221
Total assets	**81,564**	**–**	**12,802**	**94,366**
Liabilities:				
Bank and other borrowings	–	(14,075)	–	(14,075)
Trade and other payables	–	(7,482)	–	(7,482)
Current tax liabilities	–	–	(1,830)	(1,830)
Total liabilities	**–**	**(21,557)**	**(1,830)**	**(23,387)**

Company 23 February 2019	Financial Assets Measured at Amortised Cost £'000	Financial Liabilities Measured at Amortised Cost £'000	Non-financial Assets/ Liabilities £'000	Total £'000
Assets:				
Cash and cash equivalents	7,758	–	–	7,758
Amounts receivable from customers	73,025	–	–	73,025
Trade and other receivables	617	–	1,594	2,211
Property, plant and equipment	–	–	378	378
Goodwill	–	–	3,309	3,309
Investment in subsidiary	–	–	2,861	2,861
Deferred tax asset	–	–	1,097	1,097
Other intangible assets	–	–	5,283	5,283
Total assets	**81,400**	**–**	**14,522**	**95,922**
Liabilities:				
Bank and other borrowings	–	(14,075)	–	(14,075)
Trade and other payables	–	(8,285)	–	(8,285)
Current tax liabilities	–	–	(1,830)	(1,830)
Total liabilities	**–**	**(22,360)**	**(1,830)**	**(24,190)**

Group 24 February 2018	Loans and Receivables Measured at Amortised Cost £'000	Financial Liabilities Measured at Amortised Cost £'000	Non-financial Assets/ Liabilities £'000	Total £'000
Assets:				
Cash and cash equivalents	4,868	–	–	4,868
Amounts receivable from customers	72,828	–	–	72,828
Trade and other receivables	429	–	1,610	2,039
Property, plant and equipment	–	–	822	822
Goodwill	–	–	2,834	2,834
Other intangible assets	–	–	5,520	5,520
Total assets	78,125	–	10,786	88,911
Liabilities:				
Bank and other borrowings	–	(15,552)	–	(15,552)
Trade and other payables	–	(5,585)	–	(5,585)
Current tax liabilities	–	–	(1,110)	(1,110)
Deferred tax liabilities	–	–	(144)	(144)
Total liabilities	–	(21,137)	(1,254)	(22,391)

Company 24 February 2018	Loans and Receivables Measured at Amortised Cost £'000	Financial Liabilities Measured at Amortised Cost £'000	Non-financial Assets/ Liabilities £'000	Total £'000
Assets:				
Cash and cash equivalents	4,795	–	–	4,795
Amounts receivable from customers	72,600	–	–	72,600
Trade and other receivables	429	–	1,413	1,842
Property, plant and equipment	–	–	822	822
Goodwill	–	–	2,642	2,642
Investment in subsidiary	–	–	2,611	2,611
Deferred tax asset	–	–	149	149
Other intangible assets	–	–	3,869	3,869
Total assets	77,824	–	11,506	89,330
Liabilities:				
Bank and other borrowings	–	(15,552)	–	(15,552)
Trade and other payables	–	(6,529)	–	(6,529)
Current tax liabilities	–	–	(1,110)	(1,110)
Deferred tax liabilities	–	–	–	–
Total liabilities	–	(22,081)	(1,110)	(23,191)

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group **At 23 February 2019**	**Repayable on demand £'000**	**Less than 1 year £'000**	**More than 1 year but not more than 2 years £'000**	**More than 2 years but not more than 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Trade and other payables	–	4,421	–	–	–	4,421
Tax liabilities	–	1,830	–	–	–	1,830
Accruals and deferred income	–	3,061	–	–	–	3,061
Bank loans	–	–	–	14,075	–	14,075
At 23 February 2019	**–**	**9,312**	**–**	**14,075**	**–**	**23,387**

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

24. Financial instruments *(continued)*

Company At 23 February 2019	**Repayable on demand £'000**	**Less than 1 year £'000**	**More than 1 year but not more than 2 years £'000**	**More than 2 years but not more than 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Trade and other payables	–	5,241	–	–	–	5,241
Tax liabilities	–	1,830	–	–	–	1,830
Accruals and deferred income	–	3,044	–	–	–	3,044
Bank loans	–	–	–	14,075	–	14,075
At 23 February 2019	**–**	**10,115**	**–**	**14,075**	**–**	**24,190**

Group At 24 February 2018	Repayable on demand £'000	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	Total £'000
Trade and other payables	–	2,690	–	–	–	2,690
Tax liabilities	–	1,110	–	–	144	1,254
Accruals and deferred income	–	2,894	–	–	–	2,894
Bank loans	–	–	–	15,552	–	15,552
At 24 February 2018	–	6,694	–	15,552	144	22,390

Company At 24 February 2018	Repayable on demand £'000	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	Total £'000
Trade and other payables	–	3,654	–	–	–	3,654
Tax liabilities	–	1,110	–	–	–	1,110
Accruals and deferred income	–	2,875	–	–	–	2,875
Bank loans	–	–	–	15,552	–	15,552
At 24 February 2018	–	7,639	–	15,552	–	23,191

25. Share-based payments

The Deferred Share Plan (DSP) – Senior Management Team

The Company introduced this share option plan on 26 April 2016 with 1,002,310 share options being issued under the plan on admission to AIM ('Admission'). A second share option plan was granted on 5 May 2017 when 989,700 share options were issued and a third share option plan granted on the 5 May 2018 when 964,100 share options were issued. Subsequent share options are granted to Executive Directors and senior managers on a rolling annual basis at the discretion of the Remuneration Committee.

The initial Awards granted to the Company's senior management team on Admission are subject to three performance conditions. The first of these conditions was measured over a period of one year from Admission assessing the Company's absolute total shareholder return ('TSR'). 25% of the initial Awards will vest for 7.5% annual TSR growth, rising on a straight-line basis to 100% vesting for 12.6% annual TSR growth, subject to the other performance conditions referred to below.

Notwithstanding the satisfaction of the TSR performance condition referred to above, any vesting of these initial Awards will also be subject to the satisfaction of two further performance conditions measured up to the end of the financial year ending February 2019 (i.e. the full three-year performance period). In order for these Awards to vest, the Company will have to achieve the budgeted level of profit before tax for each of the financial years ending in February 2017, 2018 and 2019. The vesting of the initial Awards is also conditional on the Remuneration Committee determining that, over the period finishing at the end of the financial year ending in February 2019:

- the Company's internal and external audits and compliance training delivery have been satisfactory;
- the Company has retained all relevant FCA authorisation for the carrying on of its business; and
- the participant has not been subject to any disciplinary action and their personal performance has been satisfactory.

For any subsequent annual grants, the Remuneration Committee will set any performance conditions by reference to the Company's long-term strategy, which may include total shareholder return and/or financial metrics and/or key strategic goals to support long-term value creation. It is the Remuneration Committee's current intention that the vesting of any Awards granted to the Company's senior management team in respect of the financial years ending February 2018 and 2019 will at least in part be subject to the Company's TSR performance.

The Deferred Share Plan (DSP) – Senior Management Team continued
Any performance condition may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy.

Awards will not be granted to a participant under the DSP over Ordinary Shares with a market value (as determined by the Remuneration Committee) in excess of 100% of salary in respect of any financial year.

As of the balance sheet date, the estimated market value of each share option granted is £1.56 (2018: £1.37). This has resulted in a charge to the profit or loss account of £632,544 (2018: £340,261) during the year.

The market value of the shares at the grant date is calculated using a Monte Carlo Simulation. The assumptions used in the calculation are set out below:

		DSP	
Grant date	8 May 2016	5 May 2017	5 May 2018
Expected volatility	26%	45%	30%
Expected term	1	1	1
Risk-free rate	0.34%	0.34%	0.34%
Dividend yield	0%	0%	0%

Expected volatility is calculated based on movements in the Company's share price in the 12 months preceding the grant date. In prior years this was based on the volatility in the share prices for the Company's peer group due to the lack of historical data in relation to the Company's own share price.

	Number	Weighted Average Exercise Price (£)
Outstanding at 24 February 2018	1,992,010	–
Awarded/granted	964,100	–
Lapsed	–	–
Exercised	–	–
Outstanding at 23 February 2019	**2,956,110**	**–**
Exercisable as at 23 February 2019	**–**	**–**

For the share options outstanding at 23 February 2019, the weighted average remaining contractual life is 8.2 years (2018: 9.2 years).

The Share Option Plan (SOP) – Employees
On 19 October 2017 the Company introduced its first share option plan that entitles employees to purchase shares in the Company at an exercise price of £0.01 per share. 238,097 share options were issued under the plan.

The fair value of the employee share options has been measured using the Black-Scholes valuation method. Service and non-market performance conditions were not taken into account in measuring fair value.

As of the balance sheet date, the estimated market value of each share option granted is £1.56. This has resulted in a charge to the profit or loss account of £83,468 during the year.

The market value of the shares at the grant date is calculated using the Black-Scholes valuation method. The assumptions used in the calculation are set out below:

	SOP	
Grant date	19 October 2017	5 December 2018
Expected volatility	40%	40%
Expected term	1	1
Risk-free rate	0.75%	0.68%
Dividend yield	4.75%	5.21%

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

25. Share-based payments *(continued)*

	Number	Weighted Average Exercise Price (£)
Outstanding at 24 February 2018	234,897	0.01
Awarded/granted	23,896	0.01
Lapsed	(16,400)	0.01
Exercised	–	–
Outstanding at 23 February 2019	**242,393**	**0.01**
Exercisable as at 23 February 2019	**–**	**–**

For the share options outstanding at 23 February 2019, the weighted average remaining contractual life is 8.7 years (2018: 9.6 years).

All options are expected to be equity settled.

The Share Incentive Plan (SIP) – Employees
On 5 December 2018 the Company introduced an approved share incentive scheme (SIP) for all employees and issued 292,122 Ordinary Shares with a nominal value of £0.01. The shares are held by an independent trust for the duration of the holding period and subsequent share options are granted to employees on a rolling annual basis at the discretion of the Remuneration Committee and subject to the Company's profit performance in the previous financial year.

The fair value of the employee share options has been measured using a Black-Scholes option pricing model. Service and non-market performance conditions were not taken into account in measuring fair value.

As at the balance sheet date, the estimated market value of each share option granted is £1.56. This has resulted in a charge to the profit or loss account of £32,422 during the year.

	SIP
Grant date	5 December 2018
Expected volatility	–
Expected term	1
Risk-free rate	0.68%
Dividend yield	0%

As there are no market-based performance conditions attached to this scheme the expected volatility is deemed to be neutral.

	Number	Weighted Average Exercise Price (£)
Outstanding at 24 February 2018	–	–
Awarded/granted	290,857	–
Lapsed	(8,858)	–
Exercised	–	–
Outstanding at 23 February 2019	**281,999**	**–**
Exercisable as at 23 February 2019	**–**	**–**

For the share options outstanding at 23 February 2019, the weighted average remaining contractual life is 9.7 years.

All options are expected to be equity settled.

26. Related party transactions

Until 21 February 2018 Hay Wain Group Limited (formerly Perpignon Limited) was the immediate Parent Company of Morses Club PLC. Hay Wain Holdings Limited (formerly FCAP Four Limited) is the immediate parent undertaking of Hay Wain Group Limited.

The Company undertook the following transactions with its former parent and subsidiaries during the period:

	Dividends Received/ (Paid) £'000	Management Fees £'000	Professional Fees Recharged £'000
52 Weeks ended 23 February 2019			
Hay Wain Holdings Limited	–	–	–
Hay Wain Group Limited	(3,529)	–	–
Shopacheck Financial Services Limited	–	–	–
Shelby Finance Limited	–	–	–
	(3,529)	–	–
52 Weeks ended 24 February 2018			
Hay Wain Holdings Limited	–	–	–
Hay Wain Group Limited	(4,293)	–	
Shopacheck Financial Services Limited	–	–	–
Shelby Finance Limited	–	–	–
	(4,293)	–	–

At the period-end the following balances were outstanding:

	23.2.19 £'000	24.2.18 £'000
Hay Wain Holdings Limited	**–**	–
Hay Wain Group Limited	**–**	–
Shopacheck Financial Services Limited	**(1,321)**	(1,321)
Shelby Finance Limited	**486**	319
Amounts owed to Related Parties	**(836)**	(1,002)

27. Post balance sheet events

CURO Transatlantic Limited
On 25 February 2019 the Company acquired the loan book and certain assets of CURO Transatlantic Limited via a cash purchase. The Company acquired the assets of CURO Transatlantic Limited for the purpose of increasing its customer base and as a platform for Dot Dot Loans.

Management are still in the process of assessing the fair value of the assets and liabilities acquired due to the timing of the transaction and will therefore provide full fair value disclosures in accordance with IFRS 3 in the 31 August 2019 interim financial statements.

ALTERNATIVE PERFORMANCE MEASURES

This Annual Report and Financial Statements provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide readers with important additional information on our business. To support this we have included a reconciliation of the APMs we use where relevant and a glossary indicating the APMs that we use, an explanation of how they are calculated and why we use them.

Notes to the Consolidated Financial Statements continued

For the 52 week period ended 23 February 2019

ALTERNATIVE PERFORMANCE MEASURES *(continued)*

APM	Closest Statutory Measure	Definition and Purpose
Income Statement Measures		
Impairment as % of Revenue (%)	None	Impairment as a percentage of revenue is reported impairment divided by reported revenue and represents a measure of credit quality that is used across the business and within the sector.
Agent Commission as % of Revenue (%)	None	Agent commission, which is included in cost of sales, divided by reported revenue. This calculation is used to measure operational efficiency and the proportion of income generated which is paid to agents
Cost/Income Ratio or Operating Cost ratio (%)	None	The cost income ratio is cost of sales and administration expenses, excluding exceptional items, finance costs and amortisation divided by reported revenue. This is used as another efficiency measure of the Company's cost base.
Credit Issued (£m)	None	Credit issued is the principal value of loans advanced to customers and is an important measure of the level of lending in the business.
Sales Growth (%)	None	Sales growth is the period-on-period change in Credit Issued
Adjusted Profit Before Tax (£m)	Profit Before Tax	Profit Before Tax per the Income statement adjusted for exceptional costs, non-recurring costs and amortisation of goodwill and acquisition intangibles. This is used to measure ongoing business performance.
Adjusted Earnings Per Share	Earnings Per Share	Adjusted Profit After Tax divided by the weighted average number of shares. This gives a better reflection of underlying earnings generated for shareholders

Reconciliation of statutory PBT to adjusted PBT

£'m	FY19	FY18	Increase / (Decrease)
Statutory PBT	**20.2**	16.1	4.1
Amortisation of acquisition intangibles	**1.0**	2.0	(1.0)
Cost of flotation on AIM	**–**	(0.1)	(0.1)
Restructuring and other non-recurring costs	**0.8**	1.0	(0.2)
Adjusted PBT	**22.0**	19.2	2.8

APM	Closest Statutory Measure	Definition and Purpose
Balance sheet and returns measures		
Tangible Equity (£m)	Equity	Net Assets less intangible assets less acquisition intangibles.
Adjusted Return on Equity (%)	None	Calculated as adjusted profit after tax divided by rolling 12-month average of tangible equity. This calculation has been adjusted to an IFRS 9 basis. It is used as a measure of overall shareholder returns adjusted for exceptional items. This is presented within the interim report as the Directors believe it is more representative of the underlying operations of the business
Adjusted Return on Assets (%)	None	Calculated as adjusted profit after tax divided by 12-month average Net Loan Book. This calculation has been adjusted to an IFRS 9 basis. It is used as a measure of profitability generated from the loan book. Net Loan Book is Amounts owing from customers less provisions for deferred income and impairments. This is presented within the interim report as the Directors believe it is more representative of the underlying operations of the business
Tangible Equity/Average Receivables Ratio (%)	None	Net Assets less intangible assets less acquisition intangibles divided by 12-month average receivables. This calculation has been adjusted to an IFRS 9 basis.

Adjusted Return on Assets and Adjusted Return on Equity

£m	IFRS 9 FY19	Pro forma IFRS 9 FY18
Adjusted Profit After Tax (Rolling 12 months)	**17.6**	14.7
12-month average Net Loan Book	**69.3**	62.6
Adjusted Return on Assets	**25.4%**	23.5%
12-month average Equity	**59.5**	50.4
Adjusted Return on Equity	**29.6%**	29.2%

Other measures

Customers	None	Customers who have an active loan and from whom we have received a payment of at least £3 in the last 17 weeks.
Agents	None	Agents are self-employed individuals who represent the Group's subsidiaries and are engaged under an agency agreement.
Cash from Operations (excluding investment in loan book) (£m)	Cash from Operations	Cash from Operations (excluding investment in the loan book) is Cash from Operations excluding the growth in the loan book due to either acquisition or movement in the net receivable otherwise (see reconciliation below).
Adjusted Net Margin	None	Adjusted Profit before tax (which excludes amortisation of intangibles on acquisitions, the one-off costs of the IPO and other non-operating costs) divided by reported revenue. This is used to measure overall efficiency and profitability.
Cash from funding (£m)	None	Cash from Funding is the increase/(decrease) in the Bank Loan balance.

Key Performance Indicators – Like-for-Like IFRS9 and IAS39

The table is present to enable users to understand the key performance indicators on a like-for-like basis

	IFRS 9 FY19	Pro Forma IFRS 9 FY18	% +/-	IAS 39 FY18	% +/-
Revenue	**£117.0m**	£110.4m	6.0%	£116.6m	0.3%
Net Loan Book	**£73.0m**	£68.9m	6.0%	£72.8m	0.3%
Adjusted Profit Before Tax	**£22.0m**	£18.6m	18.3%	£19.2m	14.6%
Statutory Profit Before Tax	**£20.2m**	£15.5m	30.3%	£16.1m	25.5%
Adjusted Earnings per share	**13.6p**	11.3	20.4%	11.7p	16.2%
Basic Earnings per Share	**12.5p**	9.6p	30.2%	10.1p	23.8%
Cost / Income ratio	**57.4%**	59.4%	3.4%	56.2%	-2.1%
Return on Assets	**23.4%**	n/a[1]	n/a	19.7%	18.8%
Adjusted Return on Assets	**25.4%**	n/a[1]	n/a	22.9%	10.9%
Return on Equity	**27.2%**	n/a[1]	n/a	22.9%	18.8%
Adjusted Return on Equity	**29.6%**	n/a[1]	n/a	26.5%	11.7%
Tangible Equity / average receivables	**85.9%**	n/a[1]	n/a	92.6%	7.2%
No of customers (000's)	**235**	229	2.6%	229	2.6%
Number of agencies	**2,050**	2,030	1.0%	2,030	1.0%
Credit Issued	**£178.5m**	£174.4m	2.4%	£174.4m	2.4%
Impairment as % of Revenue	**22.4%**	22.5%	0.4%	26.1%	14.2%

1 KPI not quoted as it includes data points which precede the date of IFRS 9 transition

Reconciliation of IAS39 to IFRS9 for metrics stated above

£m	IAS 39 to Feb 18	IFRS 9 Effective Credit Loss Adjustment	Pro forma IFRS 9 to Feb 18
Revenue	116.5	(6.2)	110.3
Impairment	(30.4)	5.6	(24.8)
Sub-total		0.6	
Statutory Profit Before Tax	16.1	(0.6)	15.5
Adjusted Profit Before Tax	19.2	(0.6)	18.6
Net Loan Book	72.8	(2.9)[1]	68.9

1 Net loan Book IFRS 9 ECL adjustment includes the transitional adjustment Reconciliation of Cash from operations to Cash from operations (excluding investment in loan book)

Reconciliation of Cash from operations to Cash from operations (excluding investment in loan book)

	Group	
	23.2.19 £'000	24.2.18 £'000
Net cash inflow from operating activities	**20,467**	7,239
Add back:		
Movement in net loan book	**722**	11,604
Tax paid	**3,555**	4,536
Prepaid loan facility arrangement fee	**(425)**	(448)
Cash from operations (excluding investment in loan book)	**24,319**	22,931