Harrington Brooks Limited

Annual report and financial statements

For the year ended 10 March 2017

Registered number 5296992

Contents

Strategic Report

This report has been prepared by the directors in accordance with the requirement of section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the Strategic Report is consistent with the financial statements. The auditor's report is set out on page 4.

Principal activity

The principal activity of the Harrington Brooks Limited ("the Company") is that of a holding company.

Business review

During the year the company continued its principal activity of that of a holding company. There have been no significant changes in the year with regards to the investments that the company holds.

Principal risks and uncertainties

All businesses face a range of risks and uncertainties, being subject to risk factors from internal and external sources. The Board considers the likelihood and significance of risk factors when putting in place risk management procedures to ensure risk mitigation. The board regularly reviews and updates the risk register. The following are considered to be the key risks facing the company:

Funding requirements

One Advice Group Limited has a working capital requirement due to the fact that revenues from customers on DMPs and IVAs are collected over a lifetime of the plan whereas majority significant element of Groups' operational costs incurred to set up and administer the plans are at the outset. The Group has a £30m interest only facility with PNC Financial Services UK Limited which is held by Harrington Brooks Limited and has a cross guarantee with other companies within the group. The group monitors compliance against covenants on a monthly basis and liquidity requirements and headroom are reviewed frequently by reference to quarterly business forecasts.

Valuation of investments

The company holds the group's investments in subsidiaries and a key risk for the company is the valuation of and the potential impairment of these investments. The group monitors performance on a continual basis through forecasting and review of compliance with covenants in order to react to changes in its operating environment quickly in order to reduce the risk of impairment.

Brexit

The UK is now in a period of uncertainty as the UK Government seeks to establish terms with the EU. At a macro level, the UK and world have already experienced volatility in the financial markets which in turn may affect UK financial stability and ultimately our customers' financial decisions. At a Company level, legislation and regulation currently applicable may change when the UK leaves the EU. At present it is too early to speculate on what form such changes may take and their impact, if any, on the Company. The Board nonetheless considers the need for our customers to access financial solutions in a timely and professional manner to be of paramount importance and will ensure that the company is positioned to comply with any regulatory or commercial changes which result from the EU exit negotiations.

By order of the board

M J Cheetham
Director
20/07/2017

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 10 March 2017.

Dividends

No dividend has been paid in the current year (2016: £nil).

Directors

The directors who held office during the year and up to the date of the Directors' Report were as follows:

M J Cheetham

S P Evans

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board:

M J Cheetham

Director

20/07/2017

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102, *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of Harrington Brooks Limited

We have audited the financial statements of Harrington Brooks Limited for the year ended 10 March 2017 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102, *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

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 statement of directors' responsibilities set out on page 3, 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 web-site 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 company's affairs as at 10 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Allen

David Allen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
20/07/2017

Profit and Loss Account and Other Comprehensive Income
For the year ended 10 March 2017

	Note	**Year ended 10 March 2017 £'000**	Year ended 10 March 2016 £'000
Administrative expenses	2	**(187)**	(183)
Operating loss		**(187)**	(183)
Interest payable and similar charges	3	**(1,149)**	(1,256)
Loss on ordinary activities before taxation		**(1,336)**	(1,439)
Tax on loss on ordinary activities	8	**-**	-
Loss for the financial year		**(1,336)**	(1,439)
Total comprehensive income for the year		**(1,336)**	(1,439)

All amounts relate to continuing operations. The notes on pages 8 to 12 form part of these financial statements.

Balance Sheet
As at 10 March 2017

	Note	**As at 10 March 2017 £'000**	As at 10 March 2016 £'000
Assets			
Investment in subsidiaries	4	**18,993**	18,993
		18,993	18,993
Current assets			
Debtors	5	**2,781**	4,092
		2,781	4,092
Creditors: amounts falling due within one year	6	**(10,010)**	(9,576)
Net current assets		**(7,229)**	(5,484)
Total assets less current liabilities		**11,764**	13,509
Creditors: amounts falling due after one year	7	**(18,737)**	(19,146)
Net liabilities		**(6,973)**	(5,637)
Capital and reserves			
Called up share capital	9	**484**	484
Profit and loss account		**(7,457)**	(6,121)
Shareholder's deficit		**(6,973)**	(5,637)

These financial statements were approved by the board of directors on 20/07/2017 and were signed on its behalf by:

M J Cheetham
Director

Statement of Changes in Equity
For the year ended 10 March 2017

	Share Capital	P & L Account	Total Equity
	£'000	£'000	£'000
At 11 March 2015	484	(4,682)	(4,198)
Comprehensive income for the year			
Loss for the year	-	(1,439)	(1,439)
At 10 March 2016	**484**	**(6,121)**	**(5,637)**
At 11 March 2016	484	(6,121)	(5,637)
Comprehensive income for the year			
Loss for the year	-	(1,336)	(1,336)
At 10 March 2017	**484**	**(7,457)**	**(6,973)**

Notes

(forming part of the financial statements)

1. Accounting policies

Harrington Brooks Limited (the "company") is a company limited by its shares and incorporated and domiciled in the UK.

Basis of preparation
These company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All reported amounts in the financial statements have been rounded to the nearest £1,000.

The Company, whose parent is Harrington Brooks Group Limited, is included in the consolidated financial statements of One Advice Group Limited, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- No Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included; and
- The disclosures required by FRS102.11 Basic Financial Instruments.

The Company has taken advantage of the following disclosure exemptions under FRS 102: the requirements of paragraph 33.1A of FRS102 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

Going concern

The Company's business activities, together with the principal risks and uncertainties likely to affect its future development and position, are set out in the Strategic Report on pages 1 and 2.

Harrington Brooks Limited, part of the group of which One Advice Group Limited is the ultimate parent Company, currently utilises a facility provided by PNC Financial Services UK Ltd which is due to expire mid 2018.

OAG management commenced a refinancing exercise in April 2017 and to date has received a number of expressions of interest from lenders. Therefore, at this time and based on its ongoing discussions, management believes it will have agreed new facilities well in advance of the expiry of its existing facility with PNC Financial Services UK Ltd.

The Group is also part funded by £33.0m of loans notes, with the majority held by RJD Partners. The principal and rolled up interest on the loan notes is payable in three equal annual instalments on 13 July 2018, 13 July 2019 and 13 July 2020. The directors have received confirmation from RJD Partners that they will not seek repayment of A1 and A2 loan notes within 12 months of signing these accounts.

The directors have prepared medium term forecasts for the Group, and stressed accordingly, for EBITDA, cash flows and loan covenant compliance.

Having taken into consideration the Group's funding position and forecasts, the directors have a reasonable expectation that the Group and Company have adequate resources to service its debt commitments and continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes (continued)

True and fair override
During the financial year ended 10 March 2014, the One Advice Group Limited, of which the Company is a wholly owned subsidiary, carried out a group reorganisation of entities within the One Advice Group. As a result of this reorganisation, the Company became the direct holding company of the group's main trading subsidiaries, simplifying the group structure. Previously, through successive acquisitions, the One Advice Group had a complex structure of intermediary holding companies.

As a result of this reorganisation investments in subsidiaries previously held by certain intermediary holding companies of the Company were transferred to the Company at amounts equal to the book value as previously recorded by the intermediary holding companies.

As a result of the reorganisation, the book value of certain of the Company's investments in subsidiaries are now in excess of the fair value of underlying subsidiaries' net assets. Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) requires that the investment in subsidiaries be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors consider that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge such diminution to the Company's profit and loss account for the year and it should instead be re-allocated to the cost of investments that are now owned directly by the Company but had previously been subsidiaries of intermediary holding companies of the Company, so as to recognise in the Company's balance sheet the effective cost to the Company of those investments.

The effect of this departure increased the company's profit for the year ended 10 March 2014 by £4.27m and to increase the amount of investments by £4.27m in the Company's balance sheet.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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 timing differences which arises from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The timing difference arising from the differences between accumulated depreciation and tax allowances for the costs of an asset are not provided for. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Investments
Investments in subsidiary undertakings are stated at cost less provision for impairment.

Notes (continued)

2. Staff and directors' costs

The Company has no employees, therefore the aggregate payroll costs of these persons (including directors) were £nil (2016: £nil).

3. Interest payable and similar charges

	2017	2016
	£'000	£'000
Term debt interest	1,149	1,256
	1,149	1,256

4. Investment in subsidiaries

	£'000
At beginning and end of year	18,993

The company holds shares in the following group companies:

Operation	Activity	Holding	Class of shares
Subsidiary Undertakings			
HB Financial Solutions Ltd (formerly Harrington Brooks (Accountants) Limited)	Debt Management	100%	Ordinary
One Advice Limited	Provision of IVAs	100%	Ordinary
Financial Claims Services (Sale) Limited	Non Trading	100%	Ordinary
Billmaster Limited	Non Trading	100%	Ordinary
Ask Finance Limited	Sale of insurance products	100%	Ordinary
Open Door (Legal Services) Ltd	Legal services	100%	Ordinary
OAG EBT Limited	Employee Benefit Trust	100%	Ordinary

The registered address for the company and all subsidiaries is Jackson House, Sibson Rd, Sale, M33 7RR.

5. Debtors

	2017	2016
	£'000	£'000
Amounts owed by other group companies	2,781	4,092
	2,781	4,092

Notes (continued)

6. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Amounts owed to other group companies	9,817	9,274
VAT	193	302
	10,010	9,576

7. Creditors: amounts falling due after one year

	2017	2016
	£'000	£'000
Term Debt	18,737	19,146
	18,737	19,146

The Company has a £30 million facility with PNC Financial Services UK Limited which bears an interest rate of Bank of England base rate plus 4.5%. The finance costs incurred in raising the original finance are included in the Bank Term Debt and is being amortised in the Profit and Loss over the new term of the facility.

8. Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017	2016
	£'000	£'000
Current tax		
Current tax on tax loss for the period	-	-
Adjustment in respect of prior year	-	-
Total current tax	-	-
Deferred tax		
Deferred tax charge	-	-
Total Tax	-	-

Reconciliation of effective tax rate	2017	2016
	£'000	£'000
Loss for the year	(1,336)	(1,439)
Total tax credit/charge	-	-
Loss excluding taxation	(1,336)	(1,439)
Current tax at 20% (2016: 20.06%)	267	289
Group relief surrendered for no consideration	(229)	(289)
Deferred tax not recognised	(32)	-
Impact of changes in tax rate	(6)	-
Total tax charge (see above)	-	-

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

9. Share capital

	2017	2016
	£'000	£'000
Authorised, allotted, called up and fully paid:		
434,205 ordinary £1 shares (voting rights)	434	434
17,295 ordinary £1 shares (non-voting rights)	17	17
326,279 ordinary £0.1 shares (voting rights)	33	33
	484	484

10. Contingent liabilities

The Company, together with other companies in the group, is party to a composite guarantee, dated 14 July 2012, given in favour of PNC Financial Services UK Limited totalling £30m. At the year end the total PNC facility drawn down was £18.8m (2016: £19.2m).

11. Related parties

Other than transactions with entities that are part of the same group, no transactions with related parties were undertaken such as required to be disclosed under FRS 102. The company has taken advantage of the exemption under FRS 102 not to disclose transactions with entities that are part of the same group on the grounds that the consolidated financial statements of the parent undertaking are publicly available.

12. Ultimate parent company

The company is a subsidiary undertaking of Harrington Brooks Group Limited.

One Advice Group Limited is the ultimate parent undertaking of the Company, and heads the largest group into which the accounts of the Company are consolidated. The consolidated financial statements of the group are available to the public at Companies House. The registered address of One Advice Group Limited is Jackson House, Sibson Rd, Sale, M33 7RR.

13. Accounting estimates and judgements

In preparing these financial statements, the directors have had to make the following judgements:

- Determine if there are any indicators of impairment in the amount owed by group entities to the company. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the respective group entity.

- Determine whether there are indicators of impairment of the company's investments within subsidiaries. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the underlying subsidiary companies.

- Determine whether there are indicators of going concern issues. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the underlying subsidiary companies.

14. Subsequent events

Subsequent to the balance sheet date the company received a dividend of £4.5m and the company invested £4.5m in HB Financial Solutions Ltd, an existing subsidiary.