

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2015**

FOR

1PM PLC

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FOR THE YEAR ENDED 31 MAY 2015**

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**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2015**

DIRECTORS:	R I Smith M L Lewis H M Walker R Russell
SECRETARY:	T R Case
REGISTERED OFFICE:	St James House The Square Lower Bristol Road Bath BA2 3BH
REGISTERED NUMBER:	05845866 (England and Wales)
AUDITORS:	Moore Stephens Chartered Accountants & Statutory Auditor 30 Gay Street Bath BA1 2PA
NOMAD & BROKER:	W H Ireland Limited 4 Colston Avenue Bristol BS1 4ST

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MAY 2015**

I am delighted to be able to congratulate the Group on another very successful year. The results for the financial year ended 31 May 2015 show revenue growth of 31%, an increase in profit before tax of 20% and an increase in earnings per share of 4.8% to 3.72 pence. At 31 May 2015, the aggregate value of the lease and loan portfolios was £30.1m, an increase of 47% over the prior year. These strong financial results, building on five successive years of organic growth, have enabled the Board to recommend a maiden dividend for the year of 0.35 pence per share. The maiden dividend will be paid on 2 September 2015 to shareholders on the register at the close of business on the 7 August 2015. The shares go ex-dividend on 6 August 2015. It is the Board's intention to adopt a progressive dividend policy, based on financial performance.

This trading performance is all the more pleasing given that the year to 31 May 2015 was, as planned, a year of investment in resources across the Group to help maintain its continued growth. This has included a successful relocation to newer, larger premises, staff recruitment across all levels, building our marketing and business development capabilities and planning the introduction of new IT systems.

The business has delivered these strong financial results through a combination of factors, including its unwavering commitment to the SME sector at a time when other sources of finance for SME businesses remain difficult to secure, its adherence to rigorous underwriting and credit control processes, the loyalty of a growing network of over 150 finance brokers across the UK and not least the hard work and dedication of the Company's award-winning executive directors and the entire 1pm staff.

The raw material for 1pm's business is cash. The Group successfully raised £10.9m in the year ended 31 May 2015 from a number of sources and I would like to thank each provider of funds, whether in the form of equity or debt, for their support.

The Company operates in a commercial environment where it has to meet the challenges of increasing regulation, greater competition and innovation. Your Board remains confident that the Company can continue to succeed in this environment by pursuing the dual objectives of continuously improving and expanding its range of products and services in the provision of lease and loan finance to SMEs, whilst pursuing strategic plans to develop the business further.

Your Board continues to be confident of the Group's prospects and sees a positive outlook for further growth in the current financial year.

R Ian Smith
Chairman

24 July 2015

**CHIEF EXECUTIVE OFFICER'S REVIEW
FOR THE YEAR ENDED 31 MAY 2015**

Financial Results

The financial year ended 31st May 2015 saw further significant growth and was the fifth consecutive year of increased profit and revenue.

The Group has again exceeded market expectations with total revenue for the year increasing 31 per cent. to £5.5m (FY14: £4.2m), while profit before tax rose by 20 per cent. to £1.62m (FY14: £1.35m). Earnings per share increased by 4.8 per cent. to 3.72p (FY14: 3.55p).

The Group's balance sheet has continued to strengthen during the year with net assets at 31st May 2015 standing at £12.4m (FY14: £7.0m) a 77 per cent. increase.

Portfolio performance

The lease portfolio has grown significantly during the year, increasing by 26.4 per cent. to £25.2m (FY14: £19.9m). No single customer accounts for more than 0.24 per cent. of the total portfolio value, whilst the average loan size increased to £10,444. Notwithstanding the current economic climate, defaults are at an all-time low of less than 0.85 per cent. (FY14: 1.29 per cent.) These figures reflect the Group's continued focus on credit management.

As at 31st May 2015, the loan portfolio stood at just under £5m. The average loan term is currently 28 months and the average loan amount is £24,592. This loan book has grown significantly over the past year (FY14: £0.48m) and demonstrates the potential for the business of introducing new products to the Group's portfolio which meet the needs of our target SME market.

As at 31st May 2015 the recently introduced HP portfolio stood at £0.2m. The average term is 38 months and the average lend amount is £26,959. We anticipate growth as this product gains traction with our broker network.

Operations and Business Development

New business written during the year amounted to £16.1m (FY14: £10.8m), an increase of 49 per cent, with record monthly sales of more than £2m achieved in October 2014 and April 2015.

The Group's relationships with its network of over 150 finance brokers across the UK continues to be of upmost importance. 1pm regularly reviews its customer service experience in order to provide the best possible service. The systems, policies and procedures are reviewed regularly to ensure 1pm is working as efficiently as possible.

The Group's new accounting and invoicing system is expected to be installed and fully operational during the current financial year.

In January this year, the Group successfully completed a move to newer larger offices in Bath, totalling over 4,000 square feet. These offices have provided the Company with much needed additional space and have undoubtedly contributed to greater operational efficiencies whilst enabling the recruitment of additional staff.

Staff

Ten additional members of staff have been recruited during the financial year. The Company plans to increase staff numbers to around 36 over the next year in line with its development and growth objectives.

The total costs associated with the move to larger offices, the development and implementation of the new accounting system, staff recruitment and business development is expected to be approximately £800k of which the Company has spent £432k to date.

On behalf of the Board and Shareholders, I would like to thank all staff for their continued hard work and commitment to the Group.

**CHIEF EXECUTIVE OFFICER'S REVIEW
FOR THE YEAR ENDED 31 MAY 2015**

Finance

I am pleased to report that the Group raised £10.9m of new debt funding (FY14: £11.3m) during the financial year from a variety of sources including commercial banking institutions and high net worth individuals. This funding is used primarily for the purpose of writing new business. The Board will continue to seek additional funding sources in order to satisfy the ever-growing demands for funding from the UK SME market.

Shareholders

In October 2014 the Group raised £3.8m before costs by way of a placing of new Ordinary shares. The money was raised to assist the Company with its growth plans.

The Board would like to thank shareholders for their continued support and is delighted to be able to reward them with the Company's maiden dividend.

Outlook

Demand for our products and services remains buoyant. Monthly sales have doubled since the last financial year and the Board is confident that new business origination will continue to increase over the next 12 months.

The Board remains focussed both on organic growth, including the introduction of new financial products and also on potential merger and acquisition opportunities as they arise. The Board has a clearly stated strategic plan to significantly grow the business over the coming years and increase shareholder value commensurately, which will require both. We are confident that this plan can be delivered.

Maria Lewis

Chief Executive Officer

24 July 2015

The directors present their strategic report of the company and the group for the year ended 31 May 2015.

1PM Plc (1pm, the Company) is a specialist independent provider of finance to the UK SME sector. Founded in 2000 and based in Bath, the Group was admitted to the AIM in August 2006. Over this period, 1pm has delivered an invaluable service to the UK SME sector by providing funding solutions to over 6,500 customers helping to fill the funding gap left by the UK's mainstream banking industry, particularly in recent years.

Since 2010 the Company's financial performance has been transformed. For the year ended 31 May 2010 the Company reported a pre-tax loss of £0.4m. For the year ended 31 May 2015 it has reported a profit before tax of £1.6m (FY14: £1.35m). Over the same period the loan book has increased from £6.4m to £30.1m (FY14: £20.4m) and the Company's market capitalisation has increased to around £25m (FY14: £21m).

Staff numbers currently stand at 27 and include 2 apprentices from Bath College. The Company expects to recruit up to an additional 9 staff over the next year. The Company has a distinctive, close-knit culture and staff members have a genuine sense of loyalty to the business. A number of benefits are provided including flexible working hours, childcare vouchers, income protection, life insurance, private healthcare and a pension scheme. The Company's staff always strive to act in a professional manner to colleagues, clients, business partners, shareholders and visitors and offer a prompt and efficient service.

Since inception, the Company's core business has been finance leasing. In September 2013 a new, business loan product was introduced and in June 2014 the product portfolio was further strengthened with the introduction of asset finance through Hire Purchase.

The Company is well-established in its marketplace. Its objective is to be a responsible lender and follow strict policy guidelines with regard to treating customers fairly, always aiming to structure deals to give the client the best possible outcome.

The Company also adheres to strict lending and credit management criteria, thereby minimising the risk of defaults. However, as 1pm is an independent lender, it has the flexibility to tailor deals to meet each individual customer's needs. All proposals are underwritten manually enabling underwriters to make a balanced commercial decision, rather than solely using an automated autoscore system. The maximum amount lent is currently £50,000 per customer.

At a time when many SME businesses continue to struggle to raise finance through conventional sources, 1pm's unwavering commitment and focus on supporting the SME sector has enabled the business to grow significantly, whilst the recent introduction of the new Loan and Hire Purchase products should enable the business to expand further and reach a more diversified market.

The Board has recently adopted ambitious, but robust and risk-assessed plans aiming for significant growth over the next three to four years, which are intended to result in the value of the combined loan portfolios reaching approximately £75m.

1PM PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2015

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2015.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of providing financial services to UK businesses.

DIVIDENDS

As noted in the Chairman's Statement the Board has declared a final dividend of 0.35pence per share.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2014 to the date of this report.

R I Smith
M L Lewis
H M Walker
R Russell

Other changes in directors holding office are as follows:

R O Channon - resigned 17 October 2014

Given below are the director's interests in 1PM Plc:

	Ordinary shares of £0.10 each	Ordinary shares of £0.10 each
	2015	2014
R Russell	7,398,684	6,877,302
H M Walker	71,020	71,020
M L Lewis	30,112	30,112

FINANCIAL INSTRUMENTS

The group's financial instruments comprise cash and liquid resources, including receivables and payables that are also financial instruments that arise directly from operations. The main purpose of the financial instruments is to fund the group's operations. As a matter of policy the group does not trade in financial instruments, nor does it enter into any derivative transactions. Further details on financial instruments are given in the Notes to these financial statements.

SIGNIFICANT SHAREHOLDINGS

The following parties held greater than 3% of the issued share capital of 1PM Plc as at 31 May 2015:

	Number of shares	% of issued share capital
R Russell	7,398,684	20.07%
Henderson Global Investors	6,887,896	18.69%
Charles Stanley	8,279,089	22.46%
Hargreaves Lansdown	1,939,089	5.26%
SVS Securities Ltd	1,239,950	3.36%

DISCLOSURE IN THE STRATEGIC REPORT

Please refer to the Chief Executive Officer's review.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2015**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- 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 are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are required to prepare financial statements in accordance with IFRS's as adopted by the European Union, subject to material departures disclosed and explained in the financial statements.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Moore Stephens, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M L Lewis - Director

24 July 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPM PLC

We have audited the financial statements of IPM Plc for the year ended 31 May 2015 on pages ten to thirty two. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, the Chief Executive Officer's Review the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
1PM PLC**

Matters on which we are required to report by exception

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

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

D T Slocombe ACA (Senior Statutory Auditor)
for and on behalf of Moore Stephens
Chartered Accountants & Statutory Auditor
30 Gay Street
Bath
BA1 2PA

24 July 2015

1PM PLC

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2015**

	Notes	2015 £	2014 £
CONTINUING OPERATIONS			
Revenue	2	5,533,990	4,211,569
Cost of sales		<u>(2,503,253)</u>	<u>(1,994,239)</u>
GROSS PROFIT		3,030,737	2,217,330
Administrative expenses		<u>(1,393,636)</u>	<u>(844,978)</u>
OPERATING PROFIT		1,637,101	1,372,352
Finance costs	4	(20,857)	(26,386)
Finance income	4	<u>3,373</u>	<u>558</u>
PROFIT BEFORE INCOME TAX	5	1,619,617	1,346,524
Income tax	6	<u>(349,003)</u>	<u>(297,326)</u>
PROFIT FOR THE YEAR		<u>1,270,614</u>	<u>1,049,198</u>
Profit attributable to: Owners of the parent		<u>1,270,614</u>	<u>1,049,198</u>
Earnings per share expressed in pence per share:	8		
Basic		3.71786	3.54510
Diluted		<u>3.71786</u>	<u>3.54510</u>

The notes form part of these financial statements

1PM PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2015**

	2015	2014
	£	£
PROFIT FOR THE YEAR	1,270,614	1,049,198
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,270,614</u>	<u>1,049,198</u>
Total comprehensive income attributable to: Owners of the parent	<u>1,270,614</u>	<u>1,049,198</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MAY 2015

	Notes	2015 £	2014 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	239,214	72,873
Investments	10	-	-
		<u>239,214</u>	<u>72,873</u>
CURRENT ASSETS			
Trade and other receivables	11	24,991,236	17,324,246
Cash and cash equivalents	12	12,000	2,713
		<u>25,003,236</u>	<u>17,326,959</u>
TOTAL ASSETS		<u><u>25,242,450</u></u>	<u><u>17,399,832</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	3,685,457	2,996,933
Share premium	13	5,606,347	2,287,540
Employee shares	19	83,002	-
Retained earnings	14	2,994,169	1,723,555
		<u>12,368,975</u>	<u>7,008,028</u>
TOTAL EQUITY		<u><u>12,368,975</u></u>	<u><u>7,008,028</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	15	5,685,052	4,404,874
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	100,000	100,000
Deferred tax	17	39,544	-
		<u>5,824,596</u>	<u>4,504,874</u>
CURRENT LIABILITIES			
Trade and other payables	15	6,182,466	4,806,519
Financial liabilities - borrowings			
Bank overdrafts	16	356,950	403,085
Interest bearing loans and borrowings	16	200,000	380,000
Tax payable		309,463	297,326
		<u>7,048,879</u>	<u>5,886,930</u>
TOTAL LIABILITIES		<u><u>12,873,475</u></u>	<u><u>10,391,804</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>25,242,450</u></u>	<u><u>17,399,832</u></u>

The notes form part of these financial statements

1PM PLC (REGISTERED NUMBER: 05845866)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
31 MAY 2015

The financial statements were approved and authorised for issue by the Board of Directors on 24 July 2015 and were signed on its behalf by:

M L Lewis - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 MAY 2015

	Notes	2015 £	2014 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	-	-
Investments	10	<u>50,000</u>	<u>50,000</u>
		<u>50,000</u>	<u>50,000</u>
CURRENT ASSETS			
Trade and other receivables	11	<u>9,318,669</u>	<u>5,229,205</u>
Cash and cash equivalents	12	<u>1,137</u>	<u>268</u>
		<u>9,319,806</u>	<u>5,229,473</u>
TOTAL ASSETS		<u><u>9,369,806</u></u>	<u><u>5,279,473</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	<u>3,685,457</u>	<u>2,996,933</u>
Share premium	13	<u>5,606,347</u>	<u>2,287,540</u>
Employee shares	19	<u>83,002</u>	<u>-</u>
Retained earnings	14	<u>(5,000)</u>	<u>(5,000)</u>
TOTAL EQUITY		<u><u>9,369,806</u></u>	<u><u>5,279,473</u></u>
LIABILITIES			
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES		<u><u>9,369,806</u></u>	<u><u>5,279,473</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 24 July 2015 and were signed on its behalf by:

M L Lewis - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2015**

	Called up share capital £	Retained earnings £	Share premium £	Employee shares £	Total equity £
Balance at 1 June 2013	2,315,132	679,357	1,569,340	-	4,563,829
Changes in equity					
Issue of share capital	681,801	-	718,200	-	1,400,001
Total comprehensive income	-	1,044,198	-	-	1,044,198
Balance at 31 May 2014	<u>2,996,933</u>	<u>1,723,555</u>	<u>2,287,540</u>	-	<u>7,008,028</u>
Changes in equity					
Issue of share capital	688,524	-	3,318,807	-	4,007,331
Value of employee services	-	-	-	83,002	83,002
Total comprehensive income	-	1,270,614	-	-	1,270,614
Balance at 31 May 2015	<u><u>3,685,457</u></u>	<u><u>2,994,169</u></u>	<u><u>5,606,347</u></u>	<u><u>83,002</u></u>	<u><u>12,368,975</u></u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2015**

	Called up share capital £	Retained earnings £	Share premium £	Employee shares £	Total equity £
Balance at 1 June 2013	2,315,132	-	1,569,340	-	3,884,472
Changes in equity					
Issue of share capital	681,801	-	718,200	-	1,400,001
Total comprehensive income	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Balance at 31 May 2014	<u>2,996,933</u>	<u>(5,000)</u>	<u>2,287,540</u>	<u>-</u>	<u>5,279,473</u>
Changes in equity					
Issue of share capital	688,524	-	3,318,807	-	4,007,331
Value of employee services	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,002</u>	<u>83,002</u>
Balance at 31 May 2015	<u>3,685,457</u>	<u>(5,000)</u>	<u>5,606,347</u>	<u>83,002</u>	<u>9,369,806</u>

1PM PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2015**

	Notes	2015 £	2014 £
Profit before income tax		1,619,617	1,346,524
Depreciation charges		79,485	23,276
Finance costs		20,857	26,386
Finance income		(3,373)	(558)
Increase in trade and other receivables		(7,666,990)	(4,424,528)
Increase in trade and other payables		<u>2,656,125</u>	<u>1,989,867</u>
Cash generated from operations		(3,294,279)	(1,039,033)
Interest paid		(20,857)	(26,386)
Tax paid		<u>(297,322)</u>	<u>(147,941)</u>
Net cash from operating activities		<u>(3,612,458)</u>	<u>(1,213,360)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(245,826)	(55,388)
Interest received		<u>3,373</u>	<u>558</u>
Net cash from investing activities		<u>(242,453)</u>	<u>(54,830)</u>
Cash flows from financing activities			
Loan repayments in year		(180,000)	(20,000)
Share issue		4,090,333	1,400,001
Share consolidation		<u>-</u>	<u>(5,000)</u>
Net cash from financing activities		<u>3,910,333</u>	<u>1,375,001</u>
Increase in cash and cash equivalents		55,422	106,811
Cash and cash equivalents at beginning of year	20	<u>(400,372)</u>	<u>(507,183)</u>
Cash and cash equivalents at end of year	20	<u><u>(344,950)</u></u>	<u><u>(400,372)</u></u>

The notes form part of these financial statements

1PM PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations		<u>(4,056,458)</u>	<u>(1,396,933)</u>
Net cash from operating activities		<u>(4,056,458)</u>	<u>(1,396,933)</u>
Cash flows from financing activities			
Share issue		4,057,327	1,400,001
Share consolidation		<u>-</u>	<u>(5,000)</u>
Net cash from financing activities		<u>4,057,327</u>	<u>1,395,001</u>
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents		869	(1,932)
Cash and cash equivalents at beginning of year	20	268	2,200
		<hr/>	<hr/>
Cash and cash equivalents at end of year	20	<u>1,137</u>	<u>268</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2015**

1. **ACCOUNTING POLICIES**

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (as adopted by the European Union) and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

1PM Plc is a UK domiciled public company.

The directors have concluded that there are no relevant standards or interpretations in issue that are not yet adopted that will have a material impact on the financial statements.

The key judgements made by management in applying the group's accounting policies that have the most significant effect on these financial statements are in relation to the leased assets, specifically valuation and recognition. Management have selected suitable accounting policies for income recognition (see below) and have made specific provisions against bad debts.

Due to the nature of the group the directors do not have any concerns over the key assumptions concerning the future and do not consider there to be any key sources of estimation uncertainty. The directors are confident that the group will continue to operate as a going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company (1 PM Plc) and entities controlled by the company (its subsidiary) made up to May each year. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Principal activity and nature of operations

The principal activity in the year under review was that of providing financial services to UK businesses.

Revenue recognition and leased assets

Assets leased to customers on finance leases are recognised in the Statement of Financial Position at the amount of the group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Loans are recognised when cash is advanced to borrowers. Loans are carried at their unpaid principal balances. Loan interest is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the loans.

Document fees and secondary rentals are accounted for when receivable.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- in accordance with the property
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

All property, plant and equipment are shown at cost less subsequent depreciation and impairment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015**

1. ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Statement of financial position date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the Statement of financial position date.

Hire purchase and leasing commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classed as operating leases. Assets held under finance leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between charges and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged as a direct cost of sale.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Employee benefit costs

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.

Funding payables and cost of sales

Finance received from funding providers is classified as payables in the Statement of Financial Position. Payments to the funding providers contain a capital element which reduces the payable and an interest charge is debited to the cost of sales using the sum of digits method. Due to the relatively short term of the funding payables the directors are satisfied that this method of apportioning interest is not materially different to the effective interest method.

Provision for specific debts

Provision is made for contract in arrears after taking into account expected recovery proceeds. All outstanding amounts on contracts passed to collection agents are written off in full, less expected subsequent recovery proceeds.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. SEGMENTAL REPORTING

The company has one business segment to which all revenue, expenditure, assets and liabilities relate.

3. EMPLOYEES AND DIRECTORS

	2015	2014
	£	£
Wages and salaries	697,715	511,968
Social security costs	81,894	29,696
Other pension costs	<u>4,439</u>	<u>2,780</u>
	<u><u>784,048</u></u>	<u><u>544,444</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015

3. EMPLOYEES AND DIRECTORS - continued

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

	2015	2014
Management	4	1
Administrative	<u>18</u>	<u>12</u>
	<u>22</u>	<u>13</u>

	2015	2014
	£	£
Directors' remuneration	304,359	258,496
Directors' pension contributions to money purchase schemes	2,085	1,050
Compensation to director for loss of office	<u>15,000</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>1</u>
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Information regarding the highest paid director is as follows:

	2015	2014
	£	£
Emoluments etc	146,705	92,375
Pension contributions to money purchase schemes	<u>1,875</u>	<u>1,050</u>

The directors' aggregate emoluments in respect of qualifying services were:

	2015	2014
	£	£
R I Smith	38,488	11,139
M R Johnson	-	54,480
M L Lewis	146,705	92,375
H M Walker	100,371	73,139
R O Channon	22,619	15,967
R Russell	<u>11,176</u>	<u>11,396</u>
	<u>319,359</u>	<u>258,496</u>

4. NET FINANCE COSTS

	2015	2014
	£	£
Finance income:		
Bank account interest	<u>3,373</u>	<u>558</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015**
4. NET FINANCE COSTS - continued

	2015	2014
	£	£
Finance costs:		
Bank interest	4,760	6,760
Bank loan interest	<u>16,097</u>	<u>19,626</u>
	<u>20,857</u>	<u>26,386</u>
Net finance costs	<u>17,484</u>	<u>25,828</u>

5. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	2015	2014
	£	£
Other operating leases	55,875	16,020
Depreciation - owned assets	79,485	23,276
Auditors' remuneration	11,508	10,350
Other non- audit services	<u>3,450</u>	<u>3,450</u>

Non audit services are in respect of services provided by the auditor.

6. INCOME TAX
Analysis of tax expense

	2015	2014
	£	£
Current tax:		
Tax	309,459	297,326
Deferred tax	<u>39,544</u>	<u>-</u>
Total tax expense in consolidated income statement	<u>349,003</u>	<u>297,326</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015**

6. INCOME TAX - continued

Factors affecting the tax expense

The tax assessed for the year is higher (2014 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2015	2014
	£	£
Profit on ordinary activities before income tax	<u>1,619,617</u>	<u>1,346,524</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.708% (2014 - 22.670%)	335,390	305,257
Effects of: Capital allowances in excess of depreciation	<u>13,613</u>	<u>(7,931)</u>
Tax expense	<u>349,003</u>	<u>297,326</u>

Corporation tax is calculated at 20.708% (2014: 22.67%) of the estimated assessable profit for the year.

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2014 - £0).

8. EARNINGS PER SHARE

The calculations of earning per share are calculated by dividing the earnings attributable to ordinary shares by the weighted average number of shares in issue during the year. For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares. There are no dilutive ordinary shares.

	2015	2014
Profit/(Loss) attributable to equity shareholders	<u>£1,270,614</u>	<u>£1,049,198</u>
Weighted average number of shares	34,175,928	29,595,740
Basic and diluted earnings per share	3.71786p	3.54510p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015

9. PROPERTY, PLANT AND EQUIPMENT

Group

	Improvements to property £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 June 2014	-	-	210,596	210,596
Additions	184,606	11,113	50,107	245,826
Disposals	-	-	(24,257)	(24,257)
At 31 May 2015	<u>184,606</u>	<u>11,113</u>	<u>236,446</u>	<u>432,165</u>
DEPRECIATION				
At 1 June 2014	-	-	137,723	137,723
Charge for year	37,412	2,546	39,527	79,485
Eliminated on disposal	-	-	(24,257)	(24,257)
At 31 May 2015	<u>37,412</u>	<u>2,546</u>	<u>152,993</u>	<u>192,951</u>
NET BOOK VALUE				
At 31 May 2015	<u>147,194</u>	<u>8,567</u>	<u>83,453</u>	<u>239,214</u>
At 31 May 2014	<u>-</u>	<u>-</u>	<u>72,873</u>	<u>72,873</u>
COST				
At 1 June 2013				£ 192,553
Additions				55,388
Disposals				<u>(37,345)</u>
At 31 May 2014				<u>210,596</u>
DEPRECIATION				
At 1 June 2013				151,792
Charge for year				23,276
Disposals				<u>(37,345)</u>
At 31 May 2014				<u>137,723</u>
NET BOOK VALUE				
At 31 May 2014				<u>72,873</u>
At 31 May 2013				<u>40,761</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015

10. INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 June 2014 and 31 May 2015	<u>50,000</u>
NET BOOK VALUE	
At 31 May 2015	<u>50,000</u>
At 31 May 2014	<u>50,000</u>

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Current:				
Trade receivables	23,311,324	16,150,425	-	-
Amounts owed by group undertakings	-	-	9,318,669	5,229,205
Other receivables	1,528,252	1,053,402	-	-
VAT	64,735	57,206	-	-
Prepayments and accrued income	86,925	63,213	-	-
	<u>24,991,236</u>	<u>17,324,246</u>	<u>9,318,669</u>	<u>5,229,205</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015

11. TRADE AND OTHER RECEIVABLES - continued

Trade receivables wholly represent finance lease and loan receivables.

	2015	2014
	£	£
Gross receivables from finance leases and loans:		
No later than 1 year	13,030,573	8,612,866
Later than 1 year and no later than 5 years	17,736,437	12,718,900
Later than 5 years	-	-
Unearned future finance income on finance leases and loans	<u>(7,455,685)</u>	<u>(5,181,341)</u>
Net investment in finance leases and loans	<u>23,311,325</u>	<u>16,150,425</u>
The net investment in finance leases and loans are receivable as follows:		
No later than 1 year	8,808,902	5,694,087
Later than 1 year and no later than 5 years	14,502,423	10,456,338
Later than 5 years	-	-
Total	<u>23,311,325</u>	<u>16,150,426</u>

The cost of assets acquired for the purpose of letting under finance leases was £11,590,809 (2014: £10,278,134).

Included within Trade receivables are the following receivables that are past due but not impaired as they are considered recoverable:

	2015	2014
	£	£
Less than 3 months old	48,365	31,426
More than 3 months old	181,136	96,787

All amounts are secured on the asset to which they relate. No other assets are past due or impaired.

Included within Cost of Sales are impairment losses in the sum of £256,184 (2014: £263,692).

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank accounts	<u>12,000</u>	<u>2,713</u>	<u>1,137</u>	<u>268</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015
13. CALLED UP SHARE CAPITAL

The Articles of Association of the company state that there is an unlimited authorised share capital. Each share carries the entitlement to one vote.

On 20 October 2014 the company issued 6,885,241 shares of nominal value £0.10 at £0.61 per share which increased the number of shares to 36,854,570.

During the year 54,104 shares of £0.10 accrued in respect of an executive share incentive scheme, and 81,960 shares of £0.10 accrued in respect of staff share incentive scheme. None of the shares had been issued at 31 May 2015.

The issued share capital of the company is as follows:

	No. of shares No.	Ordinary shares Share Premium		Total £
		£	£	
At 1 June 2014	29,969,329	2,996,933	2,287,540	5,284,473
Share issue	6,885,241	688,524	3,318,807	4,007,331
At 31 May 2015	<u>36,854,570</u>	<u>3,685,457</u>	<u>5,606,347</u>	<u>9,291,804</u>

	No. of shares No.	Ordinary shares Share Premium		Total £
		£	£	
At 1 June 2013	3,395,618,769	2,315,132	1,569,340	3,884,472
Share issue	1,000,000,000	681,801	718,200	1,400,001
Capital reorganisation	(4,365,649,440)	-	-	-
At 31 May 2014	<u>29,969,329</u>	<u>2,996,933</u>	<u>2,287,540</u>	<u>5,284,473</u>

14. RESERVES

The movements in share capital and reserves are shown in the Statement of Changes in Equity.

15. TRADE AND OTHER PAYABLES

	Group	
	2015 £	2014 £
Current:		
Trade payables	5,802,868	4,606,116
Social security and other taxes	22,190	7,229
Other payables	357,408	193,174
	<u>6,182,466</u>	<u>4,806,519</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015

15. **TRADE AND OTHER PAYABLES - continued**

	Group	
	2015	2014
	£	£
Non-current:		
Trade payables	<u>5,685,052</u>	<u>4,404,874</u>
	<u>5,685,052</u>	<u>4,404,874</u>
Aggregate amounts	<u>11,867,518</u>	<u>9,211,393</u>

Trade payables wholly represent funding payables, which are secured on the value of the finance leases.

The Trade payables figure is made up of numerous funding blocks that are repaid by monthly instalments. The length of the repayment term at inception varies from 24 to 48 months and interest rates from 4.5% to 11%.

The company's banking facilities are secured by a mortgage debenture, dated 7 December 2007 incorporating a fixed and floating charge over all current and future assets of the company.

16. **FINANCIAL LIABILITIES - BORROWINGS**

	Group	
	2015	2014
	£	£
Current:		
Bank overdrafts	<u>356,950</u>	403,085
Other loans	<u>200,000</u>	<u>380,000</u>
	<u>556,950</u>	<u>783,085</u>
Non-current:		
Other loans - 1-2 years	<u>100,000</u>	<u>100,000</u>

Terms and debt repayment schedule

Group

	1 year or less £	1-2 years £	Totals £
Bank overdrafts	<u>356,950</u>	-	<u>356,950</u>
Other loans	<u>200,000</u>	<u>100,000</u>	<u>300,000</u>
	<u>556,950</u>	<u>100,000</u>	<u>656,950</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015**

16. FINANCIAL LIABILITIES - BORROWINGS - continued

The following analysis shows the contractual undiscounted cash flows (which differ from the discounted cash flow totals shown in Current and Non-current payables above):

	2015	2014
	£	£
Trade payables:		
On demand or within one year	6,317,926	5,090,280
More than one year but less than two years	4,502,279	3,147,492
More than two years but less than five years	1,413,670	1,501,120
	<u>12,233,875</u>	<u>9,738,892</u>

Other loans constitute loans from H M Walker and J Bower (H M Walker's partner) who each loaned the Company £50,000 and R Russell who loaned the Company £200,000.

17. DEFERRED TAX

Group

	2015	2014
	£	£
Non-current assets timing differences	<u>39,544</u>	-
Balance at 31 May	<u>39,544</u>	<u>-</u>

There are no deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax asset has been recognised.

The deferred tax included within the statement of financial position is as follows:

	2015	2014
	£	£
Non-current asset timing differences	<u>39,544</u>	-
Included in non-current liabilities	<u>39,544</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015

18. TRANSACTIONS WITH DIRECTORS

At the year end, included within liabilities are balances due to:

	2015	2014
	£	£
R I Smith (Director)	-	3,290
H Walker (Director)	4,166	20,090
R Russell (Director)	-	8333

R Russell loaned the group £800,000 on which interest is charged at 11%. The gross amount of £992,467 is repayable in forty eight monthly payments. The amount repayable in the year was £160,242 (net £153,491). The total amount outstanding at the year-end was £5,128. Interest in the sum of £6,751 (2014: £28,477) accrued in the year. No amounts were written off during the year.

R Russell is a director and 25% shareholder of UK Private Healthcare Ltd, who loaned the group £400,000. Interest is charged at 3% and the loan is repayable on demand. During the year £380,000 (2014: £20,000) was repaid. Interest repaid in the year was £4,435 (2014: £11,551). During the year UK Private Healthcare Ltd loaned the group £200,000. Interest is charged at 3% and the loan is repayable on demand. During the year £nil was repaid. Interest paid in the year was £3,304. At the year-end £200,000 is outstanding and included in current liabilities.

H Walker is a director of Equality Care Ltd who took out a lease with 1pm (UK) Ltd, on which interest of £916 (2014: £751) accrued in the year, at the year-end £4,996 (2014: £7,120) is outstanding and included in trade receivables.

S Russell (R Russell's spouse) loaned the group £300,000, on which interest in the sum of £437 accrued in the year. At the year-end £nil was outstanding.

H Walker and J Bower (H Walker's partner) each loaned the group £50,000, on which interest in the sum of £4,250 and £4,250 respectively accrued in the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2015**

19. SHARE-BASED PAYMENT TRANSACTIONS

Employee Share Ownership Plan ('ESOP')

Executive Scheme

At 31 May 2015 54,103 (2014: 0) of 1pm Plc's ordinary shares of 10 pence nominal value each are held in respect of the 2014 executive Share option plan. At the grant date these shares had a market value and fair value of 61 pence.

The cost of the shares is included equity in the Group financial statements.

The market value and fair value of these shares at 31 May 2015 was £33,003 (2014: £0).

The executive shares vested on the grant date of 31 May 2015.

Employee Scheme

At 31 May 2015 81,967 (2014: 0) of 1pm Plc's ordinary shares of 10 pence nominal value each are held in respect of the 2015 employee share option plan. At the Grant date these shares had a market value and fair value of 61 pence.

The cost of the own shares is included in equity in the Group financial statements.

The market value and fair value of these shares at 31 May 2015 was £49,999 (2014: £0).

The employee scheme is annualised over three years and the first tranche of Shares have been granted and vested on 31 May 2015.

20. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	Group		Company	
Year ended 31 May 2015	31.5.15	1.6.14	31.5.15	1.6.14
	£	£	£	£
Cash and cash equivalents	12,000	2,713	1,137	268
Bank overdrafts	(356,950)	(403,085)	-	-
	<u>(344,950)</u>	<u>(400,372)</u>	<u>1,137</u>	<u>268</u>
Year ended 31 May 2014	31.5.14	1.6.13	31.5.14	1.6.13
	£	£	£	£
Cash and cash equivalents	2,713	12,894	268	2,200
Bank overdrafts	(403,085)	(520,077)	-	-
	<u>(400,372)</u>	<u>(507,183)</u>	<u>268</u>	<u>2,200</u>

21. **FINANCIAL INSTRUMENTS**

The group's financial instruments comprise cash and liquid resources, including receivables and payables that are also financial instruments that arise directly from operations. The main purpose of the financial instruments is to fund the group's operations. As a matter of policy the group does not trade in financial instruments, nor does it enter into any derivative transactions.

The operations of the group have principally been financed to date through the funds raised on the placing of shares on the Alternative Investment Market and block funding payables. The group has an overdraft facility in place with the group's bank and an overdraft facility totalling £1,000,000 (2014: £500,000).

The group's main objectives for the management of capital are; to ensure there is sufficient cash available to be able to provide finance to customers, and to be able to pay debts as they fall due. The forms of capital managed by the group are the block funding and bank overdraft facilities. The group is not subject to any externally imposed capital requirements from these finance providers.

Working capital requirements are constantly monitored including the interest rates from the key providers of block funding finance.

The main risks to the group, and the policies adopted by the directors to minimise the effects on the group are as follows:

Credit Risk - The directors believe that credit risk is limited due to debts being spread over a large number of receivables. No individual receivable poses a significant risk. In recent years the group has reduced the average lease value as this reduces the group's exposure to significant, individual receivables and group debt collection procedures are continually assessed.

Interest rate and liquidity risk - All of the group's cash balances and short term deposits are held in such a way that the correct balance of access to working capital and a competitive rate of interest is achieved. If market interest rates had been higher/lower with all other variables held constant, post-tax profits would not be materially affected.