Mortgage Advice Bureau (Holdings) plc

Annual Report 2015

Mortgage
Advice Bureau

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Our strategy is clear; to continue to grow our market share and deliver strong revenue growth and attractive returns to investors year on year. Our specialist approach in targeted sectors of intermediary distribution continues to differentiate MAB, and helps us attract many of the UK's leading firms and advisers. We are committed to high standards of customer service and providing our customers with the right advice is at the heart of everything we do.

We continue to seek targeted investment opportunities to build upon the Group's existing expertise and to enhance distribution, with technology and brand expected to be major influencing factors on the intermediary sector over the coming years. We believe this will strengthen MAB's position as a leading UK consumer intermediary brand and specialist Appointed Representative Network, and enable us to continue our track record of profitable growth into 2016.

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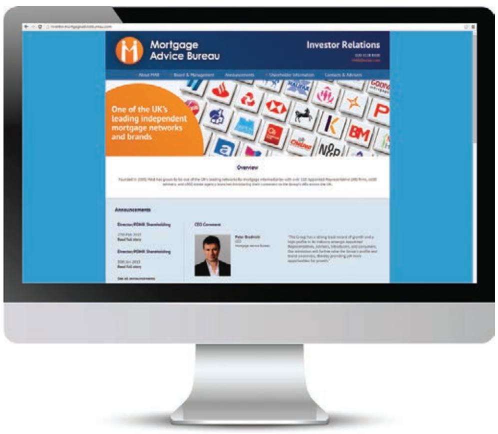
"I am delighted to report that in the first full year following our IPO, we have had another year of strong revenue and profit growth, resulting from our strategy focused on our core areas of specialism. 2015 marked our seventh consecutive year of significant profit growth, demonstrating both our understanding of the market in which we operate and our focus on building a high quality business with sustainable profitability."

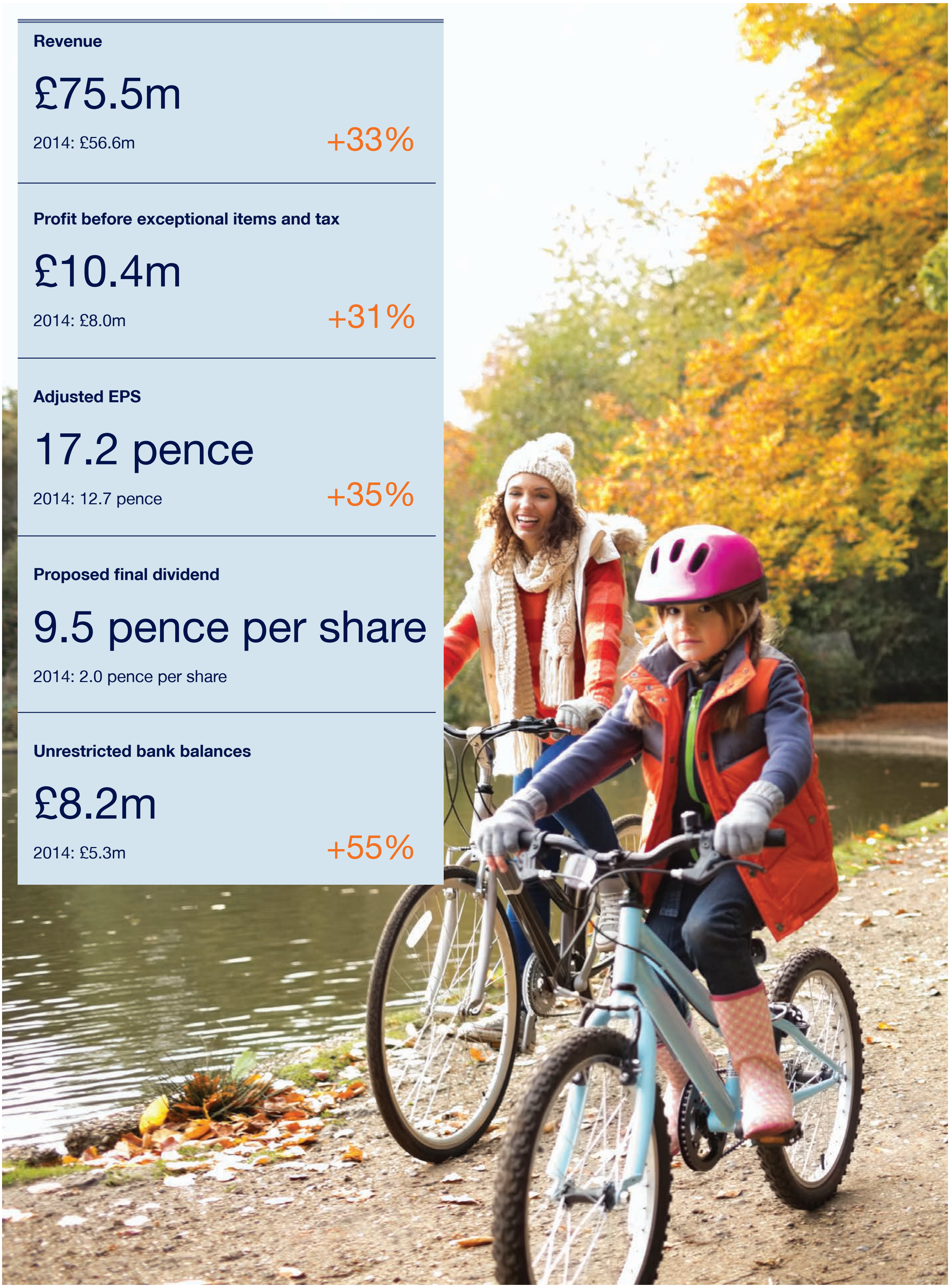
"Our share of UK new mortgage lending grew by 18% to 3.6% in 2015. We are confident that our strategy is on track to continue to deliver strong revenue growth and attractive returns to investors."

"At Mortgage Advice Bureau we continue to pride ourselves on understanding our customers' needs as delivering the right advice to our customers is at the heart of everything we do."

Peter Brodnicki
Chief Executive
See review on page 04.

For more information please visit our website
www.investor.mortgageadvicebureau.com





Revenue

£75.5m

2014: £56.6m +33%

Profit before exceptional items and tax

£10.4m

2014: £8.0m +31%

Adjusted EPS

17.2 pence

2014: 12.7 pence +35%

Proposed final dividend

9.5 pence per share

2014: 2.0 pence per share

Unrestricted bank balances

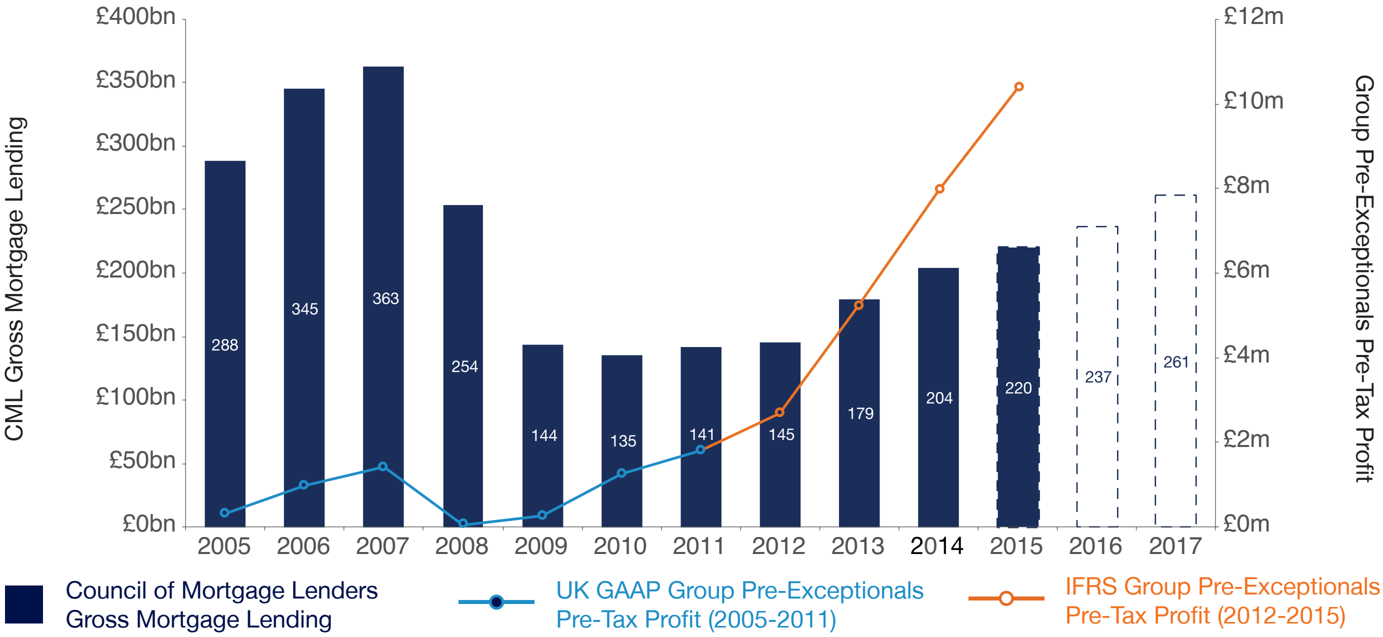
£8.2m

2014: £5.3m +55%

"It gives me great pleasure to present my Chairman's statement in our first full year following our IPO. We are committed to providing expert advice to our customers and delivering strong revenue growth and attractive returns to our investors. This will be achieved by increasing our share of the mortgage market without compromising our high standards of governance."

Katherine Innes Ker
Chairman

I am pleased to report that MAB's long track record of strong financial performance has continued, with revenues and profits again growing faster than the underlying mortgage market as MAB continues to increase its market share, as demonstrated in the chart below. We are committed to high standards of customer service and providing our customers with the right advice is at the heart of everything we do.



Source: Council of Mortgage Lenders and MAB accounts

Our people

I would like to thank all our staff for their continued commitment, energy and enthusiasm that drives our business forward. We enjoy a strong team spirit and facilitate employee share ownership through our share based incentive plans in which I am pleased to see a majority of eligible staff participating.

Board changes

Lucy Tilley ACA was appointed to the Board as Finance Director on 5 May 2015, replacing Paul Robinson, who stepped down from the Board and remains with the business as Company Secretary. Lucy joined from Canaccord Genuity Limited where she was a director in the corporate broking team that advised on the successful IPO of MAB in November 2014. Her skills and experience have proved a valuable addition to the Board and I am delighted we were able to recruit her.

Dividends

Our interim dividend payout of 75% was in line with our policy as stated at IPO, to payout in excess of 60% of post-tax distributable profits and reflected our confidence in MAB's prospects. Due to the highly cash generative and capital light nature of our business model we are proposing to raise this payout to 90% of H2 2015 post-tax profits in our final dividend for the year. This reflects our intentions to grow the dividend by distributing excess capital going forwards whilst also retaining a prudent amount of regulatory capital in the business.

I believe this demonstrates our continued commitment to deliver returns to shareholders, and our confidence in the outlook for the business.

The Board is pleased to recommend the payment of a final dividend for the year of 9.5 pence per ordinary share. If approved, the final dividend will be paid on 1 June 2016 to shareholders on the register at the close of business on 6 May 2016.

Outlook

Adviser numbers have continued to grow since the year end with the Group reporting 844 advisers at 18 March 2016 reflecting front ended recruitment of new Appointed Representatives for 2016. MAB expects to achieve a minimum of 15% compound annual growth in adviser numbers over the next few years which the Board believes to be a very realistic and sustainable number.

UK gross mortgage lending grew by 8% in 2015, with the Council of Mortgage Lenders ("CML") projecting that gross mortgage lending growth will be sustained at 8% for 2016 and increase to 10% for 2017. MAB continues to see steady growth in mortgage lending with increased activity in the remortgage market as borrowers look to secure mortgage deals at the record low rates of interest which are currently available.

MAB continues to seek targeted investment opportunities to build upon the Group's existing expertise and to enhance distribution, with technology and brand expected to be major influencing factors on the intermediary sector over the coming years. The Board believes the Group is ideally placed to capitalise on both of these, strengthening MAB's position as a leading UK consumer intermediary brand and specialist Appointed Representative Network, and continuing our track record of profitable growth into 2016.

Katherine Innes Ker
Chairman

21 March 2016

Introduction

"I am delighted to report that in the first full year following our IPO, we have had another year of strong revenue and profit growth, resulting from our strategy focused on our core areas of specialism. 2015 marked our seventh consecutive year of significant profit growth, demonstrating both our understanding of the market in which we operate and our focus on building a high quality business with sustainable profitability."

Peter Brodnicki
Chief Executive

Our strategy

Our specialist approach in targeted sectors of intermediary distribution continues to differentiate MAB, and helps us attract many of the UK's leading firms and advisers. Those areas of specialisation have recently been extended to include on-line estate agency and buy-to-let ("BTL"). MAB plans to further increase market share by extending its reach in the intermediary sector and broadening its distribution model through selected JV partners.

The intermediary proposition is hugely compelling for the consumer, with advances in technology only likely to strengthen this position. Our focus on technology and our in-house platform MIDAS Pro has never been greater than it is today. We see technology playing an ever increasing part in our lead generation by taking control of and managing data, improving business and adviser efficiency/capacity to deliver a continuously improving customer, adviser and lender experience.

MAB will always seek to be an early adopter of new and emerging technologies. This will ensure that our AR firms and their advisers are able to compete at the highest level by providing our customers with the technological solutions they expect today, making research and mortgage applications simpler, faster, and more convenient. By doing so, we expect MAB to become a natural choice for the more technology-led intermediary models entering the market.

We believe that trusted national brands are becoming increasingly more important to consumers who are seeking advice from an intermediary and, as with technology, MAB is ideally placed to fully leverage its strong consumer brand to further increase its market share.

MAB continues to be exceptionally well placed to attract ambitious and growth-focused AR firms, and attract new advisers to those firms. The MAB Academy is now in its third year and we are delighted with the quality and increasing numbers of new industry recruits we are bringing through, which is a trend we expect to continue.

Our strategy is to continue to grow our market share and deliver strong revenue growth and attractive returns to investors year on year. Central to this is ensuring that MAB and its growing number of AR firms and advisers continue to meet customers' changing needs and expectations. We believe MAB is ideally positioned to do that through the delivery of the quality of service and experience they expect, and providing the choice of how and when they receive advice.

Our business model

MAB is directly authorised by the Financial Conduct Authority ("FCA") and is one of the UK's leading consumer mortgage brands and networks for mortgage intermediaries. MAB specialises in providing mortgage advice to customers, as well as advice on protection and general insurance products.

MAB seeks to develop long term strategic relationships with its AR firms so that there is a close alignment of interests. Our proposition appeals most to multiple adviser firms with ambition to grow both their market share and business, with the MAB brand becoming an increasingly important USP that is adopted by a majority of our AR partners.

Under the MAB model almost all the advisers are engaged directly by the ARs themselves. However, MAB carries out all the compliance supervision on behalf of the AR firms, ensuring greater control and helping to achieve consistently high standards of consumer outcomes.

■ Relationships

The Group's performance and value to our shareholders is influenced by other stakeholders, principally our employees, our ARs (and their advisers), our customers and our suppliers. Our approach to all these parties is founded on the principle of open and honest dialogue, based on a mutual understanding of needs and objectives.

The Group has a broad geographic spread across the United Kingdom, with expansion into Northern Ireland having taken place in early 2015. Less than 10% of the Group's revenue is derived from the London market. Following completion of the disposal of MAB's 49% stake in Capital Private Finance Limited, MAB anticipates that less than 7% of the Group's revenue will be derived from the London market.

Our relationship with our ARs is fundamental to the success of MAB, and is based on that of a strategic business partner, with both parties benefiting from any improvement in the ARs business performance.

■ Products available through the Group

The Group's network offers advice on over 12,000 residential and buy-to-let mortgage products, including those that are only available through mortgage intermediaries.

The Group's network also offers advice on a range of both protection and general insurance products, which are sourced from a panel of insurers.

■ Sector focus and specialisations

MAB has developed bespoke support services for intermediary firms that operate in specialist sectors such as estate agency (including on-line), new build, buy-to-let, mortgage shops and telephone based mortgage advice. These specialist sectors are typically rich in generating new customers and sales, and offer intermediaries the greatest opportunity to grow their businesses.

■ Proprietary software

Technology is an increasingly important differentiator in the intermediary sector, and unlike the vast majority of other networks, MAB has developed its technology in-house, providing the business with a major USP in terms of the customer experience. This is one of the reasons why advisers and intermediary firms decide to join MAB.

MAB's proprietary software MIDAS Pro, gives us the flexibility to deliver bespoke solutions in all our areas of specialisation, and is playing an increasingly important role in managing data to generate more leads, increasing adviser capacity/efficiency, as well as cross sales, customer retention and repeat sales.

The system enables MAB to respond quickly to changing consumer behaviour, most often driven by the convenience and simplicity of process that the latest technological advancements deliver. Significant upgrades have taken place during the last twelve months and will continue to be made as MAB continues to embrace technology across every aspect of the business.

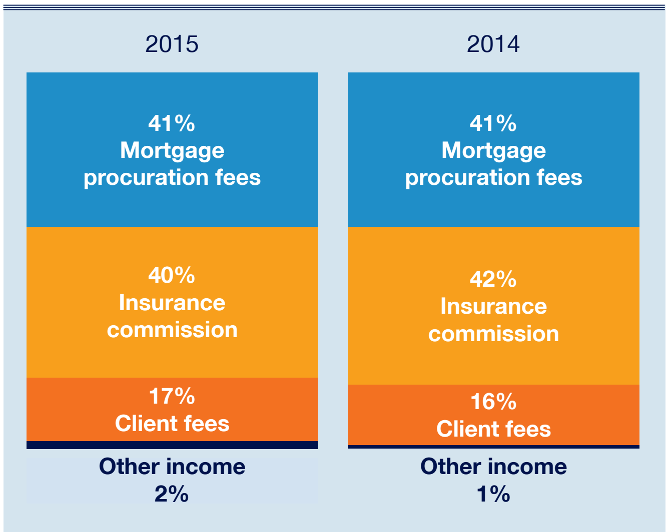
Business review of 2015

I am pleased to report strong growth in revenue of 33% to £75.5m with adjusted profit before tax and exceptional items rising by 31% to £10.4m. Mortgage lending activity slowed in the second half of 2014 following a pre-MMR spike in volumes, but we saw some encouraging signs of increased activity early in 2015 despite an election looming. Volumes continued to build following the general election and we saw a stronger second half of 2015 with overall lending volumes for 2015 being estimated by the CML at £220bn, c.8% above those of 2014 (£203bn). MAB's gross mortgage lending increased by 31% to £7.8bn in 2015, with MAB's overall share of UK new mortgage lending increasing by 18% to 3.6%.

The Group generates revenue from three core areas, as follows:

Income source	2015 £m	2014 £m	Increase
Mortgage procuration fees	31.0	22.9	35%
Protection and general insurance commission	30.4	23.7	28%
Client fees	12.8	9.2	38%
Other income	1.3	0.7	73%
Total	**75.5**	**56.6**	**33%**

Proportion of revenue:



All income sources continued to grow strongly with the average number of advisers increasing by 24%, whilst average revenue per adviser increased by 8%.

Understanding our customers' needs and providing them with the right advice is at the heart of MAB's strategy and delivering outstanding customer service is an integral part of this. By giving our customers expert mortgage and protection advice through our expanding network of intermediary businesses, we will continue to deliver strong revenue growth and attractive returns to investors.

Organic growth continues to be a key focus for MAB, as we work closely with our ARs to help them increase adviser numbers and market share. This is supported by our recently increased recruitment team and our in-house academy for training new advisers to the industry which is now well established in its third year. We maintain very high standards of recruitment both in growing adviser numbers organically and in recruiting new ARs. Our new ARs are typically forward thinking and ambitious; they too will contribute to MAB's organic growth in the years to come.

Technology is transforming everything we do and this is led by our customers who are using technology every day to make life simpler, faster and more convenient. MAB intends to continue to compete at the highest level and, by embracing technology in the same way as an increasing number of our customers do, this will make our ARs more efficient and profitable, whilst also delivering an improved customer, adviser and lender experience. We also believe technological advances will make the intermediary proposition even more compelling. We are already seeing new lenders and on-line estate agents challenging existing models with technology being the driver, and that has started to trigger a response from the more traditional models which helps to drive continued innovation across the whole sector.

At MAB we made the decision 15 years ago to develop technology in-house rather than being held back by often inflexible 'one size fits all' third party systems. That investment has never been greater than it is today, and we are making significant inroads in using this technology to generate a greater number of leads for advisers, simplifying and streamlining the mortgage application process, whilst enabling the customer to be far more engaged and in control.

The lender and intermediary sectors have been behind the pace in terms of meeting customers' technology expectations, but we expect this to change, with organisations such as MAB driving this change with new thinking and without being constrained by legacy issues to hold them back, and with technology at their core.

The Mortgage Advice Bureau consumer brand is a major differentiator for our business, our ARs and their advisers. We see our brand becoming increasingly important as, more than ever before, consumers seek out mortgage intermediaries that provide high quality customer-focused and expert advice. Fully leveraging the strength of our brand is an area of focus for 2016 and beyond.

During 2015 we have continued to significantly strengthen our senior team with the addition of our new Finance Director, Compliance Director and Head of Brand and Marketing.

Sale of 49% stake in Capital Private Finance Limited ("CPF")

In 2011 MAB and Countrywide plc ("Countrywide") entered into a five year joint venture agreement. CPF is an AR of the Group and provides mortgage and protection advice to customers of Countrywide's premium real estate brands, including Hamptons International, John D Wood & Co., Faron Sutaria and UK Sotheby's International Realty. MAB holds 49% of the issued share capital of CPF with Countrywide holding the remaining 51%. The joint venture agreement included a put and call option for MAB's 49% shareholding, exercisable any time after five years from the date of commencement. Countrywide has now exercised its call option with the price for MAB's 49% stake agreed at £2.7m. This associate investment has a carrying cost in MAB's balance sheet of £4,900. Completion is anticipated in early H2 2016. After completion, MAB will cease to receive its share of profit from CPF, but will also save c.£0.1m of overhead cost per annum. The net effect on profit before tax on an annual basis is a reduction of c.£0.25m. MAB intends to declare a special dividend equivalent to the post-tax sale proceeds shortly after completion. This special dividend will equate to c.4.25 pence per ordinary share.

We anticipated that Countrywide may exercise this option and our expected minimum 15% compound annual growth in adviser numbers allows for the removal of the CPF advisers from the Group.

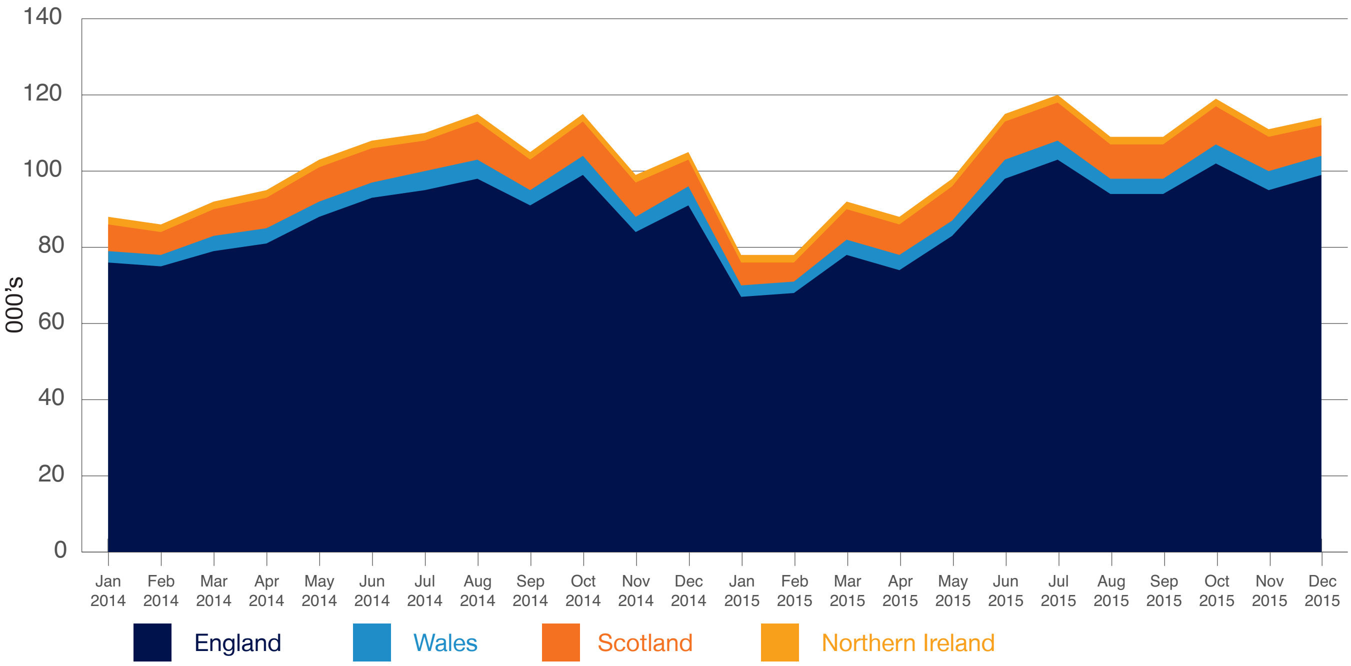
Regulatory changes

On 21 March 2016 the EU Mortgage Credit Directive ("EU MCD") came into effect. EU MCD applies to all first and second charge brokers and lenders, who will all follow the same regulatory regime from that date. MAB has adapted its procedures to ensure it is fully compliant with EU MCD.

Industry data and trends

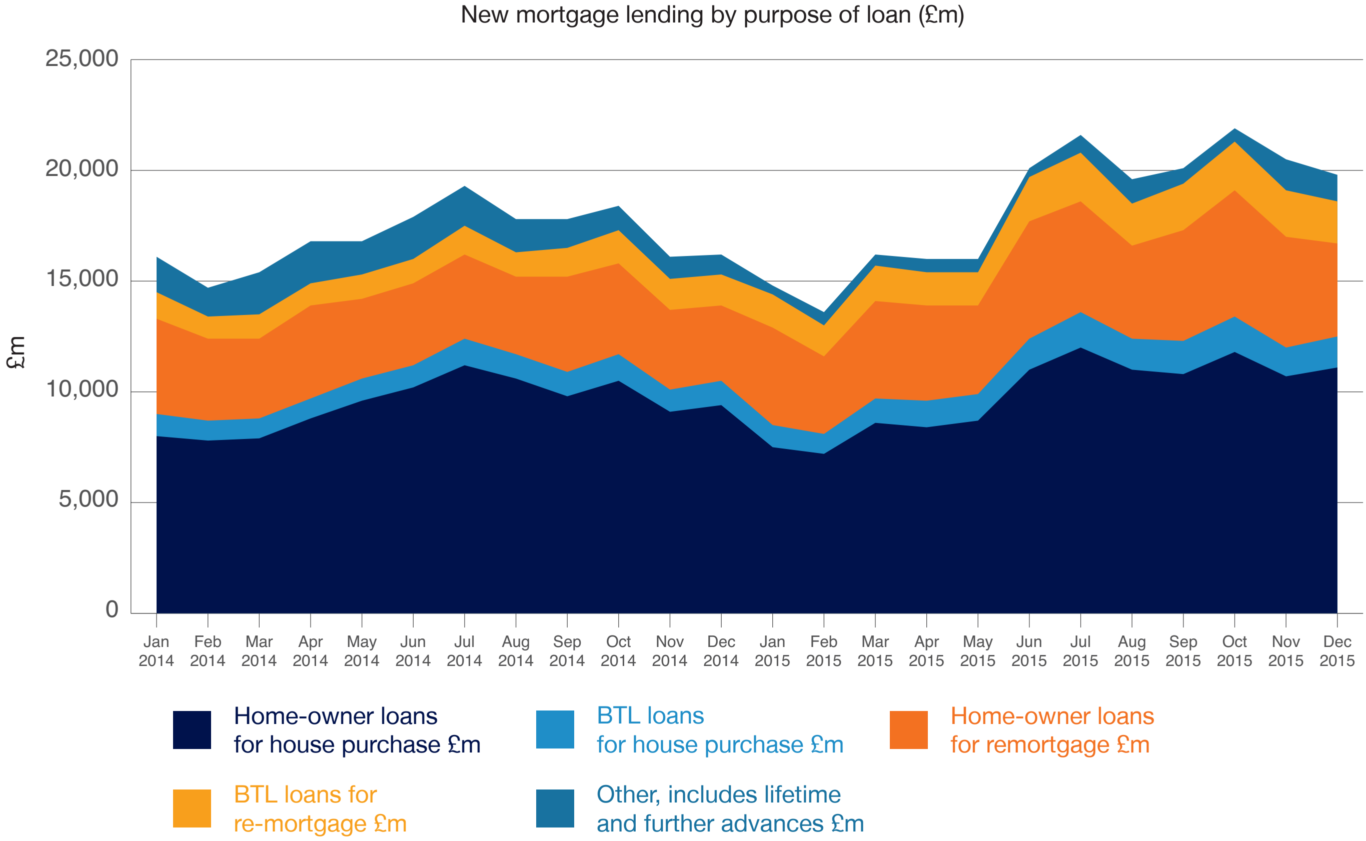
Housing purchase transactions by volume in the UK for the whole of 2015 were broadly flat compared with 2014, as demonstrated in the graph below, with property inflation being the primary factor that accounted for the increase of 8% in UK mortgage lending overall. By contrast, in H2 2015 housing purchase transactions by volume were up 6% compared to H2 2014, and this has translated to a higher run rate at the beginning of 2016.

UK property transactions by volume



Source: HM Revenue and Customs

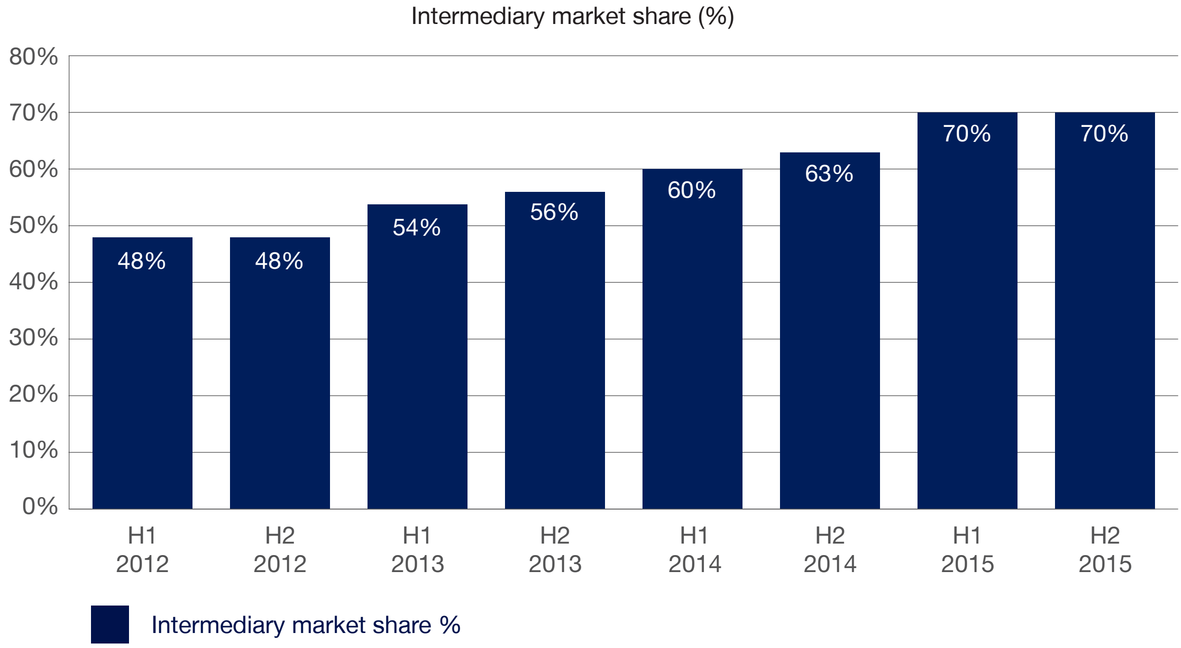
The increases in gross mortgage lending, and particularly in the remortgage market, are illustrated in the graph below.



Source: Council of Mortgage Lenders; IMLA (IMLA data has been used to further analyse CML data)

UK gross mortgage lending in 2015 for home-owner and BTL purchases grew by 5% and 26% respectively. UK gross mortgage lending in 2015 for home-owner and BTL remortgages increased by 20% and 51% respectively.

Approximately 70% of UK mortgage transactions (excluding BTL mortgages) were via an intermediary in 2015, up from less than 50% in 2012 as shown in the graph below. MAB expects this market share to remain broadly stable going forwards.

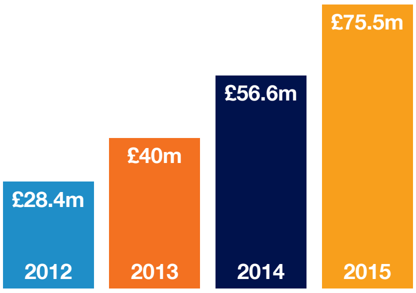


Source: Council of Mortgage Lenders' Regulated Mortgage Survey

We measure the development, performance and position of our business against a number of key indicators.

Revenue

£75.5m

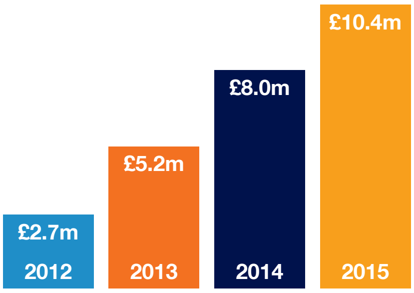


Total income from all revenue streams

Strategy/objective
Shareholder value and financial performance

Adjusted profit before tax

£10.4m



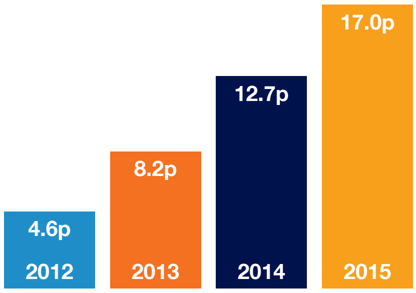
Profit before tax adjusted to add back exceptional or non-recurring items (none in 2015)

Strategy/objective
Shareholder value and financial performance

Adjusted earnings per share

Based on 50.5m shares to allow comparison

17.0p

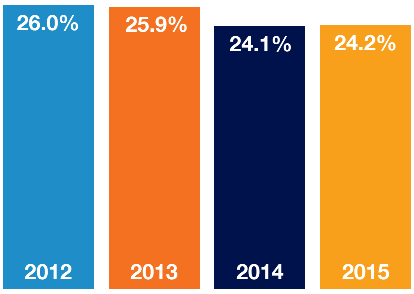


Total comprehensive income, attributable to equity holders of the Company, adjusted to add back non-recurring costs, divided by the number of ordinary shares

Strategy/objective
Shareholder value and financial performance

Gross profit margin

24.2%

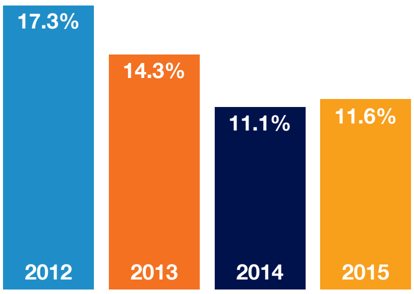


Gross profit generated as a proportion of revenue

Strategy/objective
Managing gross margins

Overheads % of revenue

11.6%

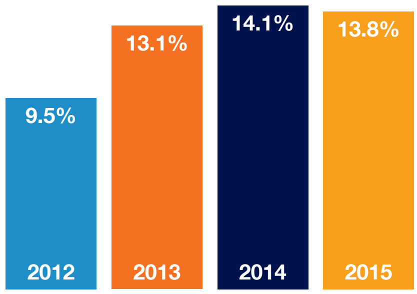


Group's adjusted administrative expenses as a proportion of revenue

Strategy/objective
Operating efficiency

Adjusted profit before tax margin

13.8%

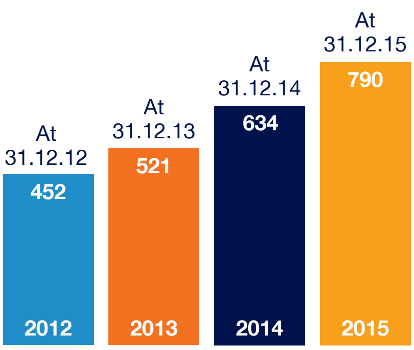


Adjusted profit before tax as a proportion of revenue

Strategy/objective
Shareholder value and financial performance

Adviser numbers

790

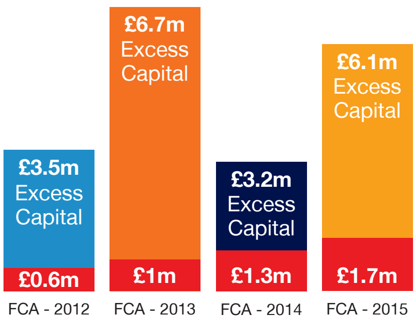


The average number of advisers in 2015 was 720 (2014: 581)

Strategy/objective
Increasing the scale of operations

Capital adequacy

£7.8m

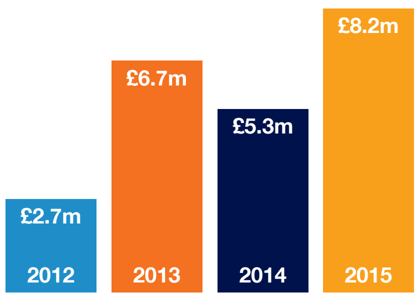


Excess capital requirements over amounts required by the Financial Conduct Authority (FCA)

Strategy/objective
Financial stability

Unrestricted cash balances

£8.2m



Bank balances available for use in operations

Strategy/objective
Financial stability

Revenues

Revenues were up 33% to £75.5m (2014: £56.6m). A key driver of revenue is the average number of advisers in each financial year. Our business model attracts forward thinking ARs who are seeking to expand and grow their market share. Average adviser numbers increased by 24% to 720 (2014: 581) during the period from a combination of the recruitment of new ARs, and the expansion of existing ARs.

MAB's total revenue can be analysed as follows:

Income source	2015	2014
Mortgage procuration fees	41%	41%
Protection and general insurance commission	40%	42%
Client fees	17%	16%
Other income	2%	1%
Total	**100%**	**100%**

Mortgage procuration fees and client fees have increased and this has had the effect of reducing the proportion of total income attributable to insurance commission.

Gross profit margin

Gross profit margin was maintained at 24.2% (2014: 24.1%). The Group receives a slightly reduced margin as our existing ARs grow their revenue organically through increasing their advisers. In 2015, MAB continued to attract some larger ARs, which has driven strong growth in adviser numbers and revenue. These larger new ARs, however, typically join the Group on lower than average margins due to their existing scale. In 2016 we expect to see the gross margin impact of the larger businesses brought on in 2015. Going forward we expect to see some erosion of our gross profit margin due to both the continued growth of our existing ARs and the acquisition of new larger ARs.

Overheads

Overheads as a percentage of revenue were 11.6% (2014: 11.1%). During 2015, total additional costs of £0.8m, comprising £0.5m in costs associated with being listed and additional FSCS costs of £0.3m (not adjusted in 2015 as considered to be ongoing costs, but did not feature in 2014) were incurred. Excluding these costs, overheads as a percentage of revenue would have improved to 10.5% (2014: 11.1%), demonstrating the scalable nature of the cost base and, in part, countering the expected erosion on gross margin as the business continues to grow. Going forward, we expect to continue to see a reduction in overheads as a proportion of revenue. Certain costs, primarily those relating to compliance, which represent approximately one third of our cost base, are closely correlated to the growth in the number of advisers, due to the high standards we demand and the requirement to maintain regulatory spans of control. The remainder of our costs typically rise at a slower rate than revenue.

Adjusted profit before tax and margin thereon

Adjusted profit before tax rose by 31% to £10.4m (2014: £8.0m). To facilitate a like-for-like comparison with prior years, the costs associated with the Company's admission to AIM in November 2014 and a one-off provision made during 2014 against a loan advanced in 2011 have been treated as exceptional costs when calculating adjusted profit before tax. There are no non-recurring items in 2015. The adjusted profit before tax margin was 13.8% (2014: 14.1%). Excluding the £0.8m of additional costs noted above, the underlying PBT margin in 2015 is 14.9% (2014: 14.1%). Unadjusted reported profit before tax increased to £10.4m (2014: £6.9m), an increase of 51%.

Net finance revenue

Net finance revenues of £0.14m (2014: £0.12m) reflect continued low interest rates. The loan of £1m to HBB Bridging Loans has now been repaid.

Taxation

The effective rate of tax fell to 16.9% (2014: 21.6%) principally due to MAB's research and development claim for development on MIDAS Pro during 2014 and 2015 both being credited against the 2015 tax charge and also reductions in the UK corporation tax rate, with a higher effective rate in 2014, due to the costs of the AIM listing being disallowed for tax purposes. Going forwards we would expect our effective tax rate to be marginally below the prevailing UK corporation tax rate subject to the tax legislation behind MAB's research and development claim still being in existence and available to MAB in respect of continued development on MIDAS Pro.

Earnings per share and dividend

Adjusted EPS amounted to 17.2 pence. Comparison with 2014 is difficult as the share structure was significantly changed in preparation for the IPO in November 2014. Had there been a similar number of ordinary shares in issue throughout 2014, adjusted EPS[1] would have been 12.7 pence per share.

The Board is pleased to propose a final dividend for the year ended 31 December 2015 of 9.5 pence per share, amounting to a total of £4.8m. Following payment of the dividend, the Group will continue to maintain significant surplus regulatory reserves. This final dividend represents c.90% of the Group's post-tax profits for H2 2015 and reflects our intention to distribute excess capital going forward. MAB requires c.10% of profit after tax to fund increased regulatory capital and other capital expenditure.

Furthermore, in respect of the sale of its stake in CPF, MAB intends to declare a special dividend equivalent to the post-tax sale proceeds shortly after completion. This special dividend will equate to c.4.25 pence per ordinary share.

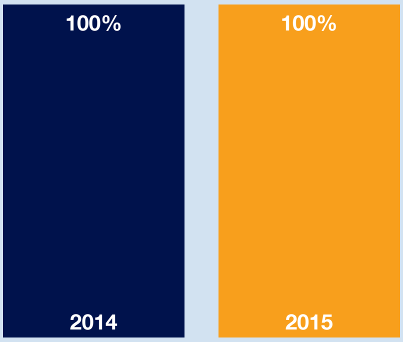
The record date for the final dividend is 6 May 2016 and the payment date is 1 June 2016. The ex-dividend date will be 5 May 2016.

[1] Adjusted EPS is based on 50.5m shares being in issue throughout 2014 in order to allow comparability.

Cash flow

The Group's operations produce positive cash flow. This is reflected in the net cash inflow from operating activities of £11.0m (2014: £8.4m).

Adjusted net cash flow[1] from operating activities as a % of adjusted operating profit[2]:



[1] Cash flow from operating activities adjusted for non-trading items including loans to ARs, loans to associates and other non-trade receivables.
[2] 2014 operating profit has been adjusted for non recurring items (1) provision against loan in 2014 of £347,891 and (2) IPO related costs. There are no non-recurring items in 2015.

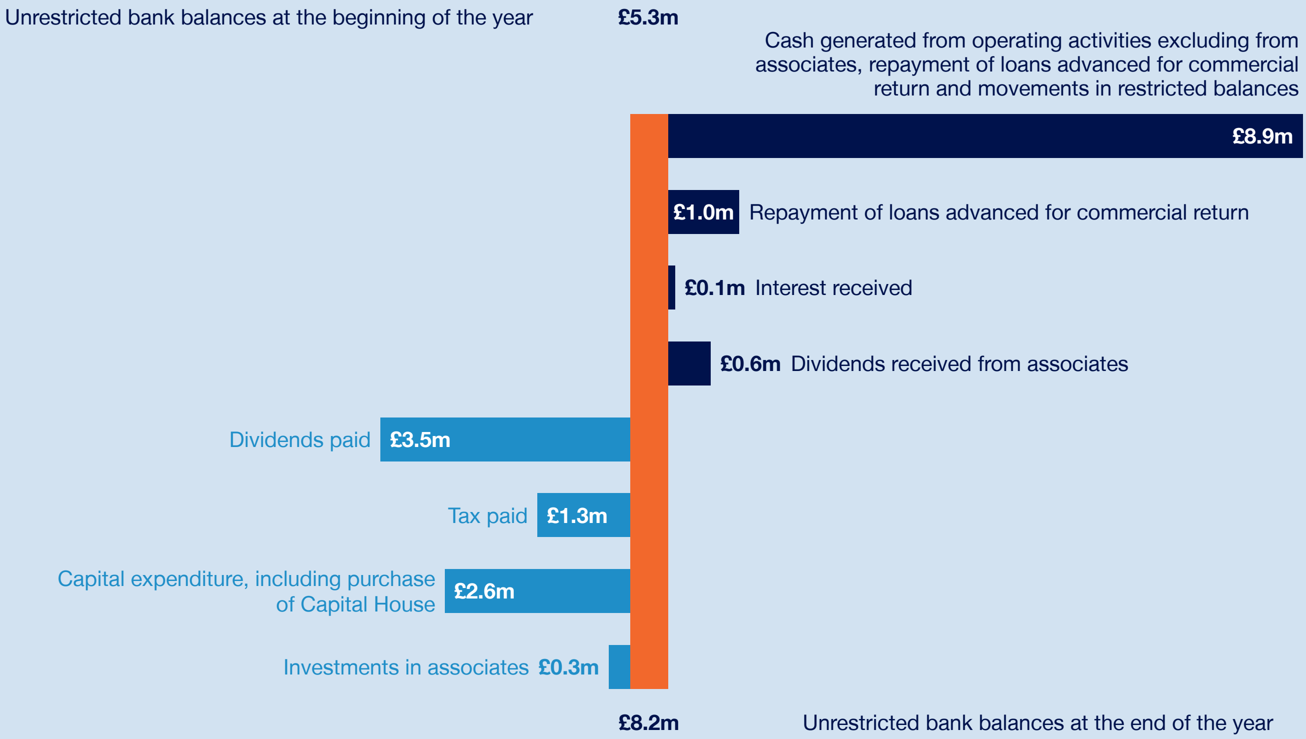
Using the same basis on which cash conversion was calculated in MAB's results for the year ended 31 December 2014 would not give a meaningful result in the year ended 31 December 2015 as the figure would be distorted by the Group's purchase of Capital House; hence a new methodology has been applied which excludes net cash flow from investing activities.

The Group's operations are capital light with our most significant ongoing capital investment being in computer equipment. Only £0.14m of capital expenditure was required during the year (2014: £0.14m). Group policy is not to provide company cars, and no significant capital expenditure is foreseen in the coming year. All development work on MIDAS Pro is treated as revenue expenditure.

The Group had no bank borrowings at 31 December 2015 (2014: £nil) with unrestricted bank balances of £8.2m (2014: £5.3m).

The Group has a regulatory capital requirement amounting to 2.5% of regulated revenue. At the end of 2015 this regulatory capital requirement was £1.7m (2014: £1.3m).

The following demonstrates how cash generated from operations was applied:



The Group's emphasis is to reduce risk by spreading deposits over a number of institutions rather than to seek marginal improvements in returns.

■ Forward looking statements

The strategic report is prepared for the members of MAB and should not be relied upon by any other party for any other purpose. Where the report contains forward-looking statements these are made by the Directors in good faith based on the information available to them at the time of their approval of this report.

Consequently, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risks underlying such forward looking statements and information. The Group undertakes no obligation to update these forward looking statements.

There are a number of potential risks which could hinder the implementation of our strategy and have a material impact on our long term performance. These arise from internal or external events, acts or omissions which could pose a threat to the Group. The Group maintains a risk register, and this is reviewed by the Risk and Compliance committee on a regular basis.

The table below outlines the most significant risk factors for the business. The risk factors mentioned below do not purport to be exhaustive as there may be additional risks that materialise over time that the Group has not yet identified or deemed to have a potentially material adverse effect on the business:

Risk Category	Risk Description	Mitigating Factors/Commentary
Changing markets	The Group operates in a highly competitive environment with competition from both other intermediaries and direct lenders.	MMR increased the attractiveness to consumers of using an intermediary rather than going direct to lenders, which has contributed to an increased intermediary market share. The Group is very focussed on technology and targets a strong online presence, including utilising social media, as it believes that consumers are increasingly using technology every day. The Group aims to be at the forefront of providing advice to consumers, leveraging its MIDAS technology.
Availability of mortgage lending	The Group is exposed to a significant reduction in the availability of mortgage lending.	Gross mortgage lending increased to over £220bn in 2015. The Council of Mortgage Lenders forecast in December 2015 that gross mortgage lending would increase to £237bn in 2016 and £261bn in 2017, both years being considerably lower than the peak of £363bn in 2007.
Regulatory compliance	Failure to comply with regulatory requirements could result in reputational and financial damage, including withdrawal of authorisation by the Financial Conduct Authority.	Whilst almost all advisers are employed or engaged by ARs (rather than by the Group directly), all compliance monitoring and supervision is undertaken by the Group's own specialist compliance team. The quality of consumer outcomes is central to our compliance strategy. The Risk and Compliance Committee reviews the adequacy and effectiveness of the Group's internal controls, compliance and risk management systems to ensure the Group is fulfilling its regulatory responsibilities.
Infrastructure and IT systems	The Group's performance would be adversely impacted if the availability and security of the Group's proprietary MIDAS system, and other IT infrastructure was compromised.	There has been significant investment in recent years into the IT infrastructure. All the Group's servers are hosted in a specialist data centre with appropriate security and systems resilience. A copy of the MIDAS database is also held at another location.

Risk Category	Risk Description	Mitigating Factors/Commentary
Appointed Representative (AR) model	The Group has full regulatory responsibility for the actions of its network of ARs, who employ or engage the advisers.	The Group has robust compliance procedures as set out in “Regulatory Compliance” on the opposite page. Whilst the Group has ultimate regulatory responsibility, the commercial liability (eg. complaint redress) is with the ARs.
Concentration	The Group could be exposed to a significant geographic concentration, or overexposure to particular ARs or suppliers.	The Group has broad geographical coverage in the mainland UK, and has widened this to Northern Ireland in 2015. A small proportion of the Group’s revenue related to the London market. The Group has no significant exposure to any single AR. Typically ARs enter five year contracts with the Group, and the renewal dates for these contracts are fairly evenly spread between calendar years. The Group enjoys strong relationships with the insurers on its panel, as well as with the major lenders in the UK.
Key personnel	The Group could lose some key employees.	Remuneration is regularly reviewed, and the Group’s listing on AIM in 2014 enabled share based incentive plans to be put in place for all employees. The majority of the Group’s employees participate in these. The Group has a very successful track record of retaining senior employees.
Litigation and complaints	The Group could be subject to litigation or complaints not covered by insurance.	The Group has not been subject to any actual or threatened material litigation against it. Complaint levels are low compared to transactional volumes, and the redress from those complaints are borne by the ARs. PI insurance is in place as required by the FCA.
Liquidity risk, including bank default	One or more banks could fail.	The Group has a highly cash generative business model so holds substantial amounts of cash on deposit with banks. The Group spreads its cash balances around a number of banking institutions.

Approval

The strategic report in its entirety has been approved by the Board of Directors and signed on its behalf by:

Peter Brodnicki
Chief Executive

21 March 2016

The Board comprises three Executive and three Non-Executive Directors. A short biography of each Director is set out below.

Katherine Innes Ker, aged 55
Non-Executive Chairman

Katherine has extensive executive and non-executive director experience. She is senior independent director of The Go-Ahead Group plc. Her experience as a chairman includes The Television Corporation, Shed Media plc and Victoria Carpets plc and she was deputy chairman of Marine Farms S.A. She has been a non-executive director of, amongst others, St Modwen Properties Plc, Taylor Wimpey plc, Taylor Woodrow plc, Fibernet plc, Williams Lea plc, S&U plc and Gyrus Group plc. She is a member of the Management Board of the University of Oxford Institute of Human Rights, and an independent director of the Remuneration Committee, Balliol College, Oxford.

Peter Brodnicki, aged 53
Chief Executive

Peter was one of the founders of MAB in 2000. He has over 29 years' mortgage and financial services experience. Immediately prior to founding MAB, he was with Legal & General for five years where he held the position of Head of the Estate Agency Network, and also latterly as Recruitment Director. Peter's experience prior to Legal & General includes sales and management roles at Albany Life, before which Peter was at John Charcol. Peter has received a number of industry awards in recent years, including Business Leader of the Year (three consecutive years), Mortgage Strategist of the Year (two consecutive years), and the Industry's Most Influential Person.

David Preece, aged 55
Chief Operating Officer

David joined MAB in 2004 and was appointed Operations Director. He has over 38 years mortgage and financial services experience, and qualified as an Associate of the Chartered Institute of Bankers. He had a 23 year career at NatWest, including a period as Senior Manager at NatWest Group Financial Control. He moved to a senior management role within the NatWest mortgage business where he spent six years, and during such time was promoted to Head of Mortgage Operations. David joined the Britannia Building Society in 2000 as Head of Membership Services, responsible for Britannia's mortgage, savings and general insurance operations, and was appointed a director of a number of Britannia subsidiaries prior to his departure in late 2003.

Lucy Tilley, aged 44
Finance Director

Lucy joined MAB in May 2015 as Finance Director. She qualified as a Chartered Accountant in 1996 with KPMG. Prior to joining MAB, Lucy was most recently a director in the corporate broking team at Canaccord Genuity Limited and was part of the team that worked on MAB's admission to AIM in November 2014. At Canaccord Genuity Limited she advised numerous quoted and unquoted companies predominantly in the financial services sector.

Nathan Imlach, aged 46
Senior Independent Non-Executive Director

Nathan is finance director of AIM listed Mattioli Woods plc. He qualified as a Chartered Accountant in 1993 with Ernst & Young, specialising in providing mergers and acquisitions advice to a broad range of quoted and unquoted clients in the UK and abroad. Nathan is also a director of Custodian Capital Limited, the discretionary investment manager of Custodian REIT plc, a property investment company listed on the main market of the London Stock Exchange. He is a Fellow of the Chartered Institute for Securities & Investment and holds the Corporate Finance qualification from the Institute of Chartered Accountants in England and Wales.

Richard Verdin, aged 51
Independent Non-Executive Director

Richard is Managing Director of RGA UK Ventures, a division of RGA UK Services Limited. He has over 25 years' experience in financial services, primarily in the life insurance sector. He has held senior management positions at Legal & General and spent six years as an executive director at Direct Life, one of the UK's leading life insurance brokers. For five years until 2013, he was Protection Director at Aviva UK Life, where he was also latterly a non-executive director of Aviva's life and pensions business in Ireland. Richard has previously been Chairman of the ABI Protection Committee and chaired the Sergeant Review HMT/ABI Simple Products Protection Working Group.

Company:	**Mortgage Advice Bureau (Holdings) plc**	
Directors:	**Katherine Innes Ker**	Non-Executive Chairman
	Peter Brodnicki	Chief Executive
	David Preece	Chief Operating Officer
	Lucy Tilley	Finance Director
	Nathan Imlach	Senior Non-Executive Director
	Richard Verdin	Non-Executive Director
Company secretary:	**Paul Robinson**	
Registered office:	**Capital House** Pride Place Pride Park Derby DE24 8QR	
Registered number:	4131569	
Nominated adviser and joint broker:	**Zeus Capital Limited** 82 Kings Street Manchester M2 4WQ	
Joint broker:	**Canaccord Genuity Limited** 88 Wood Street London EC2V 7QR	
Auditor:	**BDO LLP** 55 Baker Street London W1U 7EU	
Solicitors:	**Norton Rose Fulbright LLP** 3 More London Riverside London SE1 2AQ	
Principal bankers:	**NatWest Bank plc** Cumberland Place Nottingham NG1 7ZS	
Registrars:	**Equiniti Limited** Aspect House Spencer Road Lancing West Sussex BN99 6DA	

The Directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2015. For the purposes of this report, the expression "Company" means Mortgage Advice Bureau (Holdings) plc and the expression "Group" means the Company and its subsidiaries.

Results and business review

The principal activity of the Group continues to be the provision of financial services, in particular the provision of mortgage advice and advice on protection and general insurance products. The principal activity of the Company is that of a non-trading holding company. The review of the business, operations, principal risks and outlook are included in the Strategic report on pages 1 to 13. The financial statements set out the results of the Group on page 25.

The Group has achieved further significant growth both in terms of revenues and underlying profitability. Group revenues increased by 33% to £75.5m. Profit before tax and exceptional items amounted to £10.4m, a rise of 31%. Group profit for the year after taxation amounted to £8.7m, up 61% on the previous year. Income tax expense for the year was £1.8m an effective rate of 16.9% (2014: 21.6%).

Dividends

The Directors recommend a final dividend of 9.5 pence per share, totalling £4.8m. This represents a payout of 90% of H2 2015 profit after tax. This has not been included within the Group financial statements as no obligation existed at 31 December 2015. If approved, the final dividend will be paid on 1 June 2016 to ordinary shareholders whose names are on the register on 6 May 2016. Dividends paid during the year amounted to £3.5m and were in respect of the final stub dividend for the period from Admission to 31 December 2014 and the interim dividend for 2015.

Going concern

The Directors believe the Group is well placed to manage its business risks successfully. The Group's forecasts and projections show that the Group should continue to be cash generative and is expected to continue to have no borrowing requirement. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Events after the reporting date

Relating to the Group's investment in Sort Limited made on 10th December 2015, on 11 January 2016 a new holding company, Sort Group Limited, was put in place such that Mortgage Advice Bureau Limited now owns 33.25% of Sort Group Limited and Sort Group Limited in turn owns 69.18% of Sort Limited and also 69.18% of Sort Technology Limited. Mortgage Advice Bureau Limited's effective holding in Sort Limited has not changed as a result of this and remains at 23%. Mortgage Advice Bureau Limited now also has an effective holding of 23% in Sort Technology Limited which was incorporated on 15 April 2015 and whose principal activity is the development of software.

On 18 March 2016, the Group made an equity investment of 25% in Clear Mortgage Solutions Limited, a new Appointed Representative of the Group. The consideration of £0.05m is being funded out of Mortgage Advice Bureau Limited's existing cash resources.

On 22 March 2016, Countrywide plc exercised their call option in relation to their joint venture with Mortgage Advice Bureau Limited, Capital Private Finance Limited ("CPF"). Mortgage Advice Bureau Limited holds 49% of the issued share capital of CPF with Countrywide holding the remaining 51%. The agreed price for Mortgage Advice Bureau Limited's 49% stake was £2.7m. This associate investment had a carrying cost in Mortgage Advice Bureau Limited's balance sheet at 31 December 2015 of £4,900. Completion is anticipated in early H2 2016. After completion, Mortgage Advice Bureau Limited will cease to receive its share of profit from CPF. Mortgage Advice Bureau Limited intends to declare a special dividend equivalent to the post-tax sale proceeds shortly after completion. This special dividend will equate to c.4.25 pence per ordinary share.

Directors' indemnity

All Directors and Officers of the Company have the benefit of the indemnity provision contained in the Company's Articles of Association and have received a deed of indemnity from the Company. The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and Officers, although no cover exists in the event Directors or Officers are found to have acted fraudulently or dishonestly.

Share capital

Mortgage Advice Bureau (Holdings) plc is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of the London Stock Exchange plc. The Company's authorised and issued share capital during the year and as at 31 December 2015 is shown in note 22. Save as agreed at the Annual General Meeting of the shareholders, the ordinary shares have pre-emption rights in respect of any future issues of ordinary shares to the extent conferred by section 561 of the Companies Act 2006.

On 6 May 2015, 48,000 ordinary shares of 0.1 pence each were purchased by the Company and cancelled for a consideration of £37,847. Further details can be found in note 22 to the accounts.

Rule 9 of the City Code

Under rule 9 of the City Code, where any person acquires an interest in shares which carry 30% or more of the voting rights that person is normally required to make a general offer to all remaining shareholders of the Company to acquire their shares.

At 31 December 2015 Peter Brodnicki held 35.9% of the Share Capital. In addition, the Panel on Takeovers and Mergers ('the Panel') considers two of the Executive Directors (Peter Brodnicki and David Preece) together with Paul Robinson, Company Secretary, as persons acting in concert for the purposes of the City Code. At 31 December 2015 the Concert Party (as now constituted) held ordinary shares, in aggregate, representing 46.1% of the Share Capital. The Panel has waived the requirement for Peter Brodnicki and related parties to make a general offer to the shareholders of the Company. Except with the consent of the Panel none of the Concert Party (or their connected persons) will individually be able to acquire any additional interests in ordinary shares without triggering an obligation under Rule 9 of the City Code, other than the issue of shares to members of this Concert Party under the option scheme as disclosed in the Directors' Remuneration Report on pages 20 to 22, and which has been approved by the Panel.

Lock up period

As part of the process regarding admission to AIM in November 2014 the shareholders immediately prior to Admission undertook not to dispose of any further shares prior to the date of publication of the Company's annual report and audited accounts in respect of the year ending 31 December 2015 except with the prior written consent of Canaccord Genuity Limited and then only in exceptional circumstances.

Substantial shareholdings

At 31 December 2015, the Company had been notified of the following interests representing 3% or more of its issued share capital:

Shareholder	Number of ordinary shares	Percentage holding
Peter Brodnicki	18,126,400	35.9%
J P Morgan Asset Management	4,993,965	9.9%
Henderson Global Investors	3,810,000	7.5%
Investec Asset Management	3,015,000	6.0%
Majedie Asset Management	2,688,000	5.3%
David Preece	2,574,800	5.1%
Paul Robinson	2,574,400	5.1%

Directors' interests

Directors' emoluments, beneficial interests in the shares of the Company and their options to acquire shares are disclosed in the Directors' Remuneration Report. During the period covered by this report, no Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other than their own service contract), requiring disclosure under the Companies Act 2006 other than as disclosed in note 26. There are procedures in place to deal with any Directors' conflicts of interest arising under section 175 of the Companies Act 2006 and such procedures have operated effectively.

Related party transactions

Details of related party transactions are given in note 26.

Employee involvement

The Group continues to involve its staff in the future development of the business. Information is provided to employees through briefing sessions, the Group's website and its intranet, "MAB Online". The Group operates a Group Stakeholder Pension plan available to all employees and contributes to the pension schemes of certain Directors and employees. The Group operates an Enterprise Management Incentive scheme, Unapproved Incentive Plan and Share Incentive Plan, details of which are given in the Directors' Remuneration Report and the financial statements.

The Mortgage Advice Bureau (Holdings) plc Share Incentive Plan ("the SIP") enables employees to buy shares in the Company at an effective discount to the Stock Exchange price by having an amount deducted from pre-tax salary each month. In addition, the Company grants participating employees matching shares. On 1 December 2015 a Free Share award was made of 18,200 ordinary shares being allotted into the Share Incentive Plan for all employees. Every employee employed by the Group at 1 January 2015 and still employed by the Group on 1 December 2015 was awarded 200 free shares. The Group is committed to the principle of equal opportunity in employment, regardless of a person's race, creed, colour, nationality, gender, age, marital status, sexual orientation, religion or disability. Employment policies are fair, equitable and consistent with the skills and abilities of the employees and the needs of the business.

Political donations

The Group has made no political donations during the year (2014: £nil).

Environmental

The Board believes in good environmental practices, such as the recycling of all waste from the Group's premises and has light sensors installed within its premises. However, due to the nature of its business generally, the Group does not have a significant environmental impact.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held on 26 May 2016. The Notice of Meeting is included with this document and contains further information on the ordinary business to be proposed at the meeting.

Principal risks and uncertainties

The Directors' view of the principal risks and uncertainties facing the business is summarised in the Strategic report on pages 12 and 13. A full review of financial risk management can be seen on page 48 to 50.

Corporate governance

A full review of Corporate governance appears on pages 18 and 19.

Auditors

BDO LLP, who were appointed as auditors during 2014, have confirmed their willingness to continue in office as auditor in accordance with Section 489 of the Companies Act 2006. The Group is satisfied that BDO LLP are independent and there are adequate safeguards in place to safeguard their objectivity. A resolution to re-appoint BDO as the Company's auditor will be proposed at the 2015 AGM.

Directors' statement as to disclosure of information to the auditor

All of the Directors who were members of the Board at the time of approving the Directors' Report have taken all the steps they might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. To the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware.

On behalf of the Board

Lucy Tilley
Finance Director

21 March 2016

Introduction

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. Under the AIM Rules the Group is not required to comply with the provisions of the new edition of UK Corporate Governance Code (formerly the Combined Code) issued by the Financial Reporting Council in September 2012 ("the Code"). The Code has not been applied in full, however, the Board has taken into consideration the Guidance for Smaller Quoted Companies on the Code produced by the Quoted Companies Alliance, and taken steps to apply the principles of the Code in so far as it can be applied practically, given the size of the Group and the nature of its operations.

Board composition and independence

The Board of Directors comprises three Executive Directors and three independent Non-Executive Directors. Their biographies on page 14 demonstrate a range of experience which is vital to the success of the Group.

The Non-Executive Directors are considered by the Board to be independent of management and free from any relationship which might materially interfere with the exercise of independent judgement. The Board does not consider the Non-Executive Directors' shareholdings to impinge on their independence. The Non-Executive Directors provide a strong independent element to the Board and bring experience at a senior level of business operations and strategy.

All Directors have access to the Company Secretary, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

The Board meets regularly throughout the year as well as on an ad hoc basis, as required by time critical business needs.

Operation of the Board

The Board is responsible to shareholders for the proper management of the Group and has a formal schedule of matters specifically reserved to it for decision. These include strategic planning, business acquisitions and disposals and authorisation of major capital expenditure, setting policies for the conduct of business and approval of budgets and financial statements. Other matters are delegated to management, supported by policies for reporting to the Board. The Company maintains appropriate insurance cover in respect of legal action against the Company's Directors.

Board committees

The Board has delegated authority to four committees. The Chairman of each committee provides a report of any meeting of that committee at the next Board meeting. The Chairman of each committee is present at the Annual General Meeting to answer questions from shareholders.

Audit Committee

The Audit Committee comprises Nathan Imlach (Chairman), Katherine Innes Ker and Richard Verdin. Nathan Imlach is a Chartered Accountant. The Committee meets together with the Finance Director, Lucy Tilley, not less than twice a year.

The Committee is responsible for ensuring the financial performance of the Group is properly reported on and monitored. The Committee considers the appointment of, and fees payable to, the external auditor and discusses with them the scope of the annual audit. The Committee also reviews the external auditor's management letter and detailed presentations are made to the Committee by the Company's auditor at least once a year. An analysis of fees payable to the external audit firm in respect of audit and non-audit services during the year is set out in note 5 to the financial statements. The Company is satisfied the external auditor remains independent in the discharge of their audit responsibilities.

The Committee reviews the Interim Report and annual financial statements for compliance with accounting standards, statutory obligations and the requirements of the AIM Rules. The Committee also reviews the effectiveness of the internal controls of the Group.

Remuneration Committee

Further information about the Committee and the Group's remuneration policy is as set out on pages 20 to 22 in the Directors' Remuneration Report.

The members of the Remuneration Committee have no personal interest in the outcome of their decisions and seek to serve the interests of shareholders to ensure the continuing success of the Company.

Nominations Committee

The Nominations Committee comprises Katherine Innes Ker (Chairman), Nathan Imlach, Richard Verdin and Peter Brodnicki. The Committee is responsible for reviewing the size, structure and composition of the Board, establishing appropriate succession plans for the Executive Directors and other Senior Executives in the Group and for the nomination of candidates to fill Board vacancies where required. The Committee works in close consultation with the Executive Directors, with its main priorities being Board structure and management succession.

Risk and Compliance Committee

The Risk and Compliance Committee comprises Richard Verdin (Chairman), Nathan Imlach, Katherine Innes Ker, and David Preece. The Committee meets with the Group's Compliance Director. The Committee's principal terms of reference are to review the adequacy and effectiveness of the Group's internal controls, compliance and risk management systems and to ensure the Group is fulfilling its regulatory responsibilities.

Communications with shareholders

The Board is committed to maintaining an ongoing dialogue with the Company's shareholders. The principal methods of communication with private investors remain the Annual Report and financial statements, the Interim Report, the AGM and the Group's website (www.investor.mortgageadvicebureau.com).

It is intended that all Directors will attend each AGM and shareholders will be given the opportunity to ask questions at the AGM on 26 May 2016. In addition, the Chief Executive, Chief Operating Officer and Finance Director welcome dialogue with individual institutional shareholders to understand their views and feed these back to the Board. General presentations are also given to analysts and investors covering the annual and interim results.

Internal control and risk management

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks and can only provide reasonable not absolute assurance against material misstatement or loss.

The Directors believe that the Group has internal control procedures in place appropriate to the size and nature of the business. The Board routinely reviews the effectiveness of the system of internal control and risk management to ensure controls react to changes in the nature of the Group's operations. There are two Board committees that review various risks; the Audit Committee and the Risk and Compliance Committee, further details of these committees are described on page 18.

The Group maintains appropriate insurance cover and reviews the adequacy of the cover regularly, in conjunction with the Group's insurance brokers.

On behalf of the Board

Lucy Tilley
Finance Director

21 March 2016

Remuneration Committee

The Remuneration Committee comprises Katherine Innes Ker (Chairman), Nathan Imlach, and Richard Verdin. It is responsible for determining and reviewing the Group's policy on executive remuneration and other benefits and terms of employment, including performance related bonuses and share options. The Committee also administers the operation of the share option and share incentive schemes established by the Company, including the Appointed Representative option scheme.

Remuneration policy

The policy of the Remuneration Committee is to set basic salaries at a level which is competitive with that of comparable businesses, with a substantial proportion of the overall remuneration package being linked to performance through participation in short term and long term incentive schemes. The objective of the overall remuneration package is to be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhance shareholder value.

During the year the Committee has taken advice from New Bridge Street ("NBS"), a trading name of Aon plc. NBS is a member of the Remuneration Consultants Group and has signed up to its Code of Conduct. NBS provides advice on remuneration and the implementation of share incentive plans, and does not provide any other services to the Group.

Salaries, fees and benefits

Salaries for Executive Directors are determined by the Remuneration Committee and are reviewed annually, taking into account individual performance over the previous twelve months and external benchmark salary data. The Executive Directors also receive other customary benefits such as holidays, pension contributions, death in service insurance and sick pay.

Fees for the Non-Executive Directors are determined by the Board, having regard to fees paid to non-executive directors in other UK quoted companies of a similar scale, the time commitment and responsibilities of the role. No options are held by the Non-Executive Directors. Individuals cannot vote on their own remuneration.

Short term incentive arrangements

For the year ended 31 December 2015, the short term incentive arrangements for the Executive Directors' comprised a bonus based on actual profit achieved compared to the highest previous profit achieved by the Group, a "high watermark scheme". The maximum award as a percentage of salary under the scheme is 200% of basic salary for any individual Executive Director.

Long term incentives

The Group has adopted the Mortgage Advice Bureau Executive Option Plan to incentivise certain of its senior employees and directors. Where possible, and to the limits applied by the legislation, these schemes benefit from the tax advantages under an Enterprise Management Initiative ("EMI") scheme. If they are not qualifying options (for example, because they exceed the statutory limit at the date of grant) then they will take effect as unapproved options which do not have the same tax advantages as an EMI scheme.

On admission to AIM on 14 November 2014, the Company granted options to certain of its Executive Directors and senior managers to acquire ordinary shares in the Company. The maximum entitlement of any individual was 325,000 shares, representing 0.64% of the current issued share capital. The total options granted amounted to 1,325,000 shares, representing 2.62% of the current issued share capital. The options are exercisable at £1.60 which was the AIM placing price. The options are only exercisable subject to performance conditions.

On 20 May 2015, 75,342 options over ordinary shares of 0.1 pence each in the Company were granted to Lucy Tilley, Finance Director, under the Mortgage Advice Bureau Executive Share Option Plan. The options are exercisable at £2.19 which was equal to the average of the last three business days' closing price for the ordinary shares of the Company at the date of grant. The options are only exercisable subject to performance conditions.

Service contracts

Executive Directors have contracts of employment that are subject to notice periods of twelve months for Peter Brodnicki and David Preece, and six months for Lucy Tilley.

The Non-Executive Directors were appointed for an initial period of 36 months and are subject to a three month notice period. The remuneration of Non-Executive Directors takes the form of a base fee.

Directors' emoluments and pension contributions

Directors' remuneration payable in respect of the year ended 31 December 2015 was as follows:

Director	Basic salary and fees £	Performance related short term incentives £	Pension contributions £	Benefits[1] £	Total emoluments 2015 £	Total emoluments 2014 £
Katherine Innes Ker	67,500	–	–	–	**67,500**	15,144
Peter Brodnicki[2]	303,467	349,750	–	–	**653,217**	540,564
David Preece[2]	242,001	313,569	–	–	**555,570**	471,302
Lucy Tilley[3]	108,308	48,241	10,831	–	**167,380**	–
Paul Robinson[4, 5]	30,279	12,060	–	–	**42,339**	71,693
Nathan Imlach	35,000	–	–	–	**35,000**	7,449
Richard Verdin	30,000	–	–	–	**30,000**	6,731
Peter Birch[6]	–	–	–	–	**–**	7,005

Notes:

1 The benefit package of each Executive Director includes the provision of life assurance under a group scheme.

2 Received additional basic salary in lieu of pension contributions equivalent to 10% of basic salary since the lifetime allowance had been reached.

3 Appointed 5 May 2015.

4 Resigned on 5 May 2015.

5 In addition £nil invoiced by Robconsult Limited, a company controlled by Paul Robinson (2014: £9,065).

6 Resigned on 10 October 2014.

Directors' interests in shares

As at 31 December 2015, the interest of the Directors in the Ordinary shares of the Company were:

Director	Ordinary shares of 0.1p	%
Katherine Innes Ker	11,440	0.0
Peter Brodnicki	18,126,400	35.9
David Preece	2,574,800	5.1
Lucy Tilley	4,588	0.0
Nathan Imlach	17,562	0.0
Richard Verdin	13,687	0.0

Note:
Directors' shareholdings include any shareholdings of trusts or family members deemed to be connected persons.

Interest in options

The Group operates the Mortgage Advice Bureau Executive Option Plan by which certain of the Executive Directors and other Senior Executives are able to subscribe for ordinary shares in the Company. All options were measured at fair value at the date of grant. The interests of the Directors were as follows:

Director		Exercise price £	At 31 Dec 2014 No.	Granted during the year No.	Granted during the year No.	Exercised during the year No.	Forfeited during the year No.	At 31 Dec 2015 No.
Peter Brodnicki	**(b)**	1.60	**325,000**	**–**	**–**	**–**	**–**	**325,000**
David Preece	**(a)**	1.60	156,249	–	–	–	–	156,249
	(b)	1.60	118,751	–	–	–	–	118,751
			275,000	**–**	**–**	**–**	**–**	**275,000**
Lucy Tilley	**(a)**	2.19	**–**	**75,342**	**–**	**–**	**–**	**75,342**

Notes:
(a) Approved Option scheme – first date exerciseable is 31 March 2017, last date exerciseable is 11 November 2022 or in the case of Lucy Tilley, 19 May 2023.
(b) Unapproved Option scheme – first date exerciseable is 31 March 2017, last date exerciseable is 11 November 2022.

Note 28 to the financial statements contains details of all options granted to directors and employees as at 31 December 2015. All of the share options were granted for nil consideration.

The mid-market closing price of the Company's ordinary shares at 31 December 2015 was 367.50 pence and the range during the financial year was 170.75 pence to 378.75 pence.

None of the Directors had an interest in any contract of significance in relation to the business of the Company or its subsidiaries at any time during the financial year, other than those disclosed in note 26 to the financial statements.

On behalf of the Board

Katherine Innes Ker
Chairman of the Remuneration Committee

21 March 2016

Directors' responsibilities for the financial statements

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

UK company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. The maintenance and integrity of the corporate and financial information included on the Group's website is the responsibility of the Directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Mortgage Advice Bureau (Holdings) plc

We have audited the financial statements of Mortgage Advice Bureau (Holdings) plc for the year ended 31 December 2015 which comprise the primary statements such as the Group statement of financial position and Company balance sheet, the Group statement of comprehensive income, the Group statement of cash flows, the Group statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 '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 auditors

As explained more fully in the statement of Directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at **www.frc.org.uk/auditscopeukprivate.**

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Leigh Wormald, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
21 March 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Revenue	3	**75,466**	56,578
Cost of sales	4	**(57,173)**	(42,933)
Gross profit		**18,293**	13,645
Administrative expenses		**(8,722)**	(6,257)
Share of profit of associates	14	**703**	458
Operating profit before exceptional costs		**10,274**	7,846
Exceptional costs	8	**–**	(1,094)
Operating profit	5	**10,274**	6,752
Finance income	7	**143**	124
Profit before tax		**10,417**	6,876
Tax expense	9	**(1,759)**	(1,485)
Profit for the year attributable to equity holders of parent company		**8,658**	5,391
Total comprehensive income attributable to equity holders of parent company		**8,658**	5,391

Earnings per share attributable to the owners of the parent company

Basic	10	**17.151p**	9.626p
Diluted	10	**16.653p**	9.588p

The notes on pages 29 to 56 form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	**2,621**	204
Goodwill	13	**4,114**	4,114
Other intangible assets	13	**27**	45
Investments	14	**715**	253
Total non-current assets		**7,477**	4,616
Current assets			
Trade and other receivables	16	**2,852**	2,921
Cash and cash equivalents	17	**13,956**	9,270
Total current assets		**16,808**	12,191
Total assets		**24,285**	16,807
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	22	**51**	51
Share premium		**3,042**	3,042
Capital redemption reserve		**20**	20
Share option reserve		**157**	11
Retained earnings		**9,635**	4,497
Total equity		**12,905**	7,621
Liabilities			
Non-current liabilities			
Provisions	20	**918**	751
Deferred tax liability	21	**28**	25
Total non-current liabilities		**946**	776
Current liabilities			
Trade and other payables	18	**9,519**	7,908
Corporation tax liability		**915**	502
Total current liabilities		**10,434**	8,410
Total liabilities		**11,380**	9,186
Total equity and liabilities		**24,285**	16,807

The notes on pages 29 to 56 form part of these financial statements.

The financial statements were approved by the Board of Directors on 21 March 2016.

P Brodnicki
Director

L Tilley
Director

Consolidated statement of changes in equity
for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2014	71	2,989	–	–	7,622	10,682
Profit for the year	–	–	–	–	5,391	5,391
Total comprehensive income	–	–	–	–	5,391	5,391
Transactions with owners						
Share based payment transactions	–	–	–	11	–	11
Issues of new shares	–	53	–	–	–	53
Redemption of shares	(20)	–	20	–	(4,558)	(4,558)
Dividends paid	–	–	–	–	(3,958)	(3,958)
Transactions with owners	(20)	53	20	11	(8,516)	(8,452)
Balance at 31 December 2014 and 1 January 2015	51	3,042	20	11	4,497	7,621
Profit for the year	–	–	–	–	8,658	8,658
Total comprehensive income	–	–	–	–	8,658	8,658
Transactions with owners						
Share based payment transactions	–	–	–	146	–	146
Redemption of shares	–	–	–	–	(38)	(38)
Dividends paid	–	–	–	–	(3,482)	(3,482)
Transactions with owners	–	–	–	146	(3,520)	(3,374)
At 31 December 2015	**51**	**3,042**	**20**	**157**	**9,635**	**12,905**

The notes on pages 29 to 56 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit for the year before tax		**10,417**	6,876
Adjustments for			
Depreciation of property, plant and equipment	12	**131**	112
Amortisation of intangibles	13	**18**	18
Share based payments		**146**	11
Share of profit from associates	14	**(703)**	(458)
Dividends received from associates	14	**586**	404
Finance income	7	**(143)**	(124)
		10,452	6,839
Changes in working capital			
Decrease in trade and other receivables		**69**	384
Increase in trade and other payables		**1,611**	2,496
Increase in provisions		**167**	162
Cash generated from operating activities		**12,299**	9,881
Income taxes paid		**(1,343)**	(1,521)
Net cash inflow from operating activities		**10,956**	8,360
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(2,548)**	(139)
Acquisitions of associates and investments	14	**(345)**	–
Net cash (outflow)/inflow from investing activities		**(2,893)**	(139)
Cash flows from financing activities			
Interest received	7	**143**	124
Redemption of shares		**(38)**	(4,558)
Issue of shares		**–**	53
Dividends paid	11	**(3,482)**	(3,958)
Net cash outflow from financing activities		**(3,377)**	(8,339)
Net increase/(decrease) in cash and cash equivalents		**4,686**	(118)
Cash and cash equivalents at the beginning of year		**9,270**	9,388
Cash and cash equivalents at the end of the year		**13,956**	9,270

The notes on pages 29 to 56 form part of these financial statements.

1. Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented.

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRSs.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report as set out earlier in this announcement. The financial position of the Group, its cash flows and liquidity position are described in these financial statements.

The Group made an operating profit of £10.3m during 2015 (2014: £6.8m) and had net current assets of £6.4m at 31 December 2015 (31 December 2014: £3.8m) and equity attributable to owners of the Group of £12.9m (31 December 2014: £7.6m).

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

Changes in the presentation of the financial statements

For 2015 the classification of certain amounts included in trade and other receivables and trade and other payables were changed to more accurately reflect the nature of the items. Accordingly the 2014 comparatives have been restated such that the classification is consistent with the 2015 presentation. The change has had no impact on the reported results of the Group for either year.

Changes in accounting policies

New standards, interpretations and amendments effective year ended 31 December 2015

The following new standards, interpretations and amendments are effective for annual periods beginning on or after 1 January 2015 and have been applied in preparing these financial statements. None of these new standards or interpretations have a significant impact on the annual consolidated financial statements of the Group.

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these annual consolidated financial statements. They include:

IFRS 2 Share-based payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies or financial statements.

IFRS 3 Business combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and therefore did not impact the Group's accounting policy.

1. Accounting policies (continued)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the year.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments which will or may have an effect on the Group are effective for annual periods beginning on or after 1 January 2015 and have not yet been applied in preparing these financial statements. None of these new standards or interpretations are expected to have a material impact on the financial statements of the Group.

- IFRS 9 will eventually replace IAS 39 in its entirety. However, the process has been divided into three main components (classification and measurement, impairment and hedge accounting). This standard becomes effective for accounting periods beginning on or after 1 January 2018. Its adoption may result in changes to the classification and measurements of the Group's financial instruments, including any impairment thereof.
- IFRS 15 'Revenue from Contracts with Customers' was issued by the IASB on 28 May 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018. It sets out the requirements for recognising revenue that apply to contracts with customers, except for those covered by standards on leases, insurance contracts and financial instruments.

The above two standards have not yet been endorsed by the EU.

- Amendments to IFRS11 "Accounting for Acquisitions of Interests in Joint Operations" provides guidance on how to account for the acquisition of joint operations that constitute a business as defined in IFRS 3 Business Combinations. It is effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation". The amendment to IAS 16 prohibits entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortisation of intangible assets. It is effective for accounting periods beginning on or after 1 January 2016. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.
- Amendments to IAS 27 "Equity Method in Separate Financial Statements". The amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments are effective for annual periods beginning on or after 1 January 2016. These amendments will not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Group.

1. Accounting policies (continued)

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to the statement of comprehensive income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Entities that are not subsidiaries but where the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions) are accounted for as associates.

The results and assets and liabilities of the associates are included in the consolidated accounts using the equity method of accounting.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives, as follows:

Freehold land	not depreciated
Freehold buildings	36 years
Fixtures and fittings	20%
Computer equipment	33%

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement. The Directors reassess the useful economic life of the assets annually.

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2011, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. For business combinations completed after 1 January 2011, the goodwill represents the excess of a cost of a business combination over the Group's interest in the fair value of identifiable assets under IFRS 3 Business Combinations.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Other intangible assets

Intangible assets other than goodwill acquired by the Group comprise licences and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income within administrative expenses on a straight line basis over the period of the licence agreements. Assets are tested annually for impairment or more frequently if events or circumstances indicate potential impairment.

Amortisation, which is reviewed annually, is provided on licences at 16.7% per annum, calculated to write off the cost of the asset on a straight line basis over its expected useful life.

1. Accounting policies (continued)

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows, its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Unquoted investments

Unquoted investments are shown at cost less provision for impairment.

Financial assets

In the consolidated statement of financial position, the Group classifies its financial assets as loans, trade receivables and cash and cash equivalents. The classification depends on the purpose for which the financial assets were acquired. Loans and trade receivables are non-derivative financial assets with fixed or determinable payments which arise principally through the Group's trading activities. These are recognised at original fair value less appropriate provision for impairment and subsequently measured at amortised cost.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of three months or less.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently carried at amortised cost.

Retirement benefits: defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

Revenue

Revenue comprises commissions, client fees and other income. Commissions are included at the gross amounts receivable by the Group in respect of all services provided. Commissions payable to trading partners in respect of their share of the commissions earned are included in cost of sales.

Commissions and client fees earned are accounted for when received or guaranteed to be received, as until received it is not possible to be certain that the transaction will be completed. In the case of life commissions there is a possibility for a period after the inception of the policy that part of the commission earned may have to be repaid if the policy is cancelled during this period. A provision is made for the expected level of commissions repayable.

Other income comprises income from ancillary services such as survey and conveyancing fees and is credited to the statement of comprehensive income partly on an accruals basis.

Leased assets

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. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

1. Accounting policies (continued)

Finance income

Finance income comprises interest receivable on cash at bank. Interest income is recognised in the statement of comprehensive income as it accrues.

Exceptional items

As permitted by IAS 1 "Presentation and disclosure" – certain items are presented separately in the income statement as exceptional where, in the judgement of the Directors, they need to be disclosed by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group's underlying business performance. Examples of material and non-recurring costs which may give rise to disclosure as exceptional items include asset impairments and costs associated with acquiring new businesses.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss other than if it relates to items recognised in other comprehensive income in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted by the statement of financial position date and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Segment reporting

An operating segment is a distinguishable segment of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the entity's chief operating decision maker (CODM). The Board reviews the Group's operations and financial position as a whole and therefore considers that it has only one operating segment, being the provision of financial services operating solely within the UK. The information presented to the CODM directly reflects that presented in the financial statements and they review the performance of the Group by reference to the results of the operating segment against budget.

Operating profit is the profit measure, as disclosed on the face of the combined income statement that is reviewed by the CODM.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

Share based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where options are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of the options at the date of the grant over the vesting period.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The Directors consider that the following estimates and judgements that have the most significant effect on the carrying amounts of assets and liabilities within the financial statements are discussed below.

(a) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 13.

(b) Impairment of trade and other receivables

Judgement is required when determining if there is any impairment to the trade and other receivable balances. Trade receivables are reviewed for impairment if they are past due and are not repaid within the terms of the contracts. Other receivables, which include loans, are reviewed for impairment when there are any indications that they may not be recoverable and that security held against the balance may be inadequate to fully cover the amount outstanding. A provision for impairment will be made if following review of the balances, the Group considers it unlikely that any balance will be recovered. More information is included in note 16.

(c) Clawback provision

The provision relates to the estimated cost of repaying commission received on life assurance policies that may lapse in a period of up to four years following inception. The provision is calculated using a model that has been developed over several years. The model uses a number of factors including the total unearned commission at the point of calculation, the age profile of the commission received, the Group's proportion of any clawback, likely future lapse rates, and the success of the Group's team that focuses on preventing lapses and/or generating new income at the point of a lapse. More information is included in note 20.

(d) Freehold building

The freehold building is depreciated over its useful life. The useful life is based on management's estimate of the period that the asset will generate revenue and will be reviewed annually for continued appropriateness. The carrying value will be tested for impairment when there is an indication that the value of the asset might be impaired. When carrying out an impairment test this would be based on future cash flow forecasts and these forecasts would be based on management judgement. No such indication of impairment has been noted.

3. Revenue

The Group operates in one segment being that of the provision of financial services in the UK. Revenue is derived as follows:

	2015 £'000	2014 £'000
Mortgage related products	**43,794**	32,149
Insurance and other protection products	**30,412**	23,702
Conveyancing and survey fees and other income	**1,260**	727
	75,466	56,578

4. Cost of sales

Costs of sales are as follows:

	2015 £'000	2014 £'000
Commissions paid	**56,148**	41,888
Wages and salary costs	**1,025**	1,045
	57,173	42,933

Wages and salary costs	2015 £'000	2014 £'000
Gross	**800**	823
Employers National Insurance	**83**	87
Pension	**21**	18
Other Direct Costs	**121**	117
	1,025	1,045

5. Profit from operations

Profit from operations is stated after charging the following:

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment	**131**	112
Amortisation of intangibles	**18**	18
Operating leases	**106**	141
Auditors' remuneration:		
Fees payable to the Group's auditors for the audit of the Group's financial statements	**10**	10
Fees payable to the Group's auditors for the audit of the Group's subsidiary financial statements	**24**	23

Other administrative expenses are incurred in the ordinary course of the business and do not include any non-recurring items.

Profits from associates are disclosed as part of the operating profit as this is the operational nature of the Group.

6. Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2015 £'000	2014 £'000
Wages and salaries	**5,629**	4,769
Share based payments	**250**	64
Social security costs	**618**	522
Defined contribution pension costs	**113**	112
	6,610	5,467

The average number of people employed by the Group during the year was:	Number	Number
Executive Directors	**3**	4
Compliance	**42**	34
Sales and marketing	**34**	27
Operations	**44**	40
Employed advisers	**–**	9
Total	**123**	114

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These are the Directors of Mortgage Advice Bureau (Holdings) plc.

6. Staff costs (continued)

	2015 £'000	2014 £'000
Wages and salaries	**1,540**	1,117
Share based payments	**39**	8
Defined contribution pension costs	**11**	3
	1,590	1,128

During the year retirement benefits were accruing to one Director (2014: one) in respect of defined contribution pension schemes.

The total amount payable to the highest paid director in respect of emoluments was £653,217 (2014: £537,764). The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2014: £2,800).

7. Finance income

	2015 £'000	2014 £'000
Interest income	**143**	124

8. Exceptional costs

The following items have been included in arriving at profit before tax:

	2015 £'000	2014 £'000
Costs incurred in relation to the IPO	**–**	746
Provision against loan	**–**	348
Total	**–**	1,094

In November 2014, the Group was listed on the Alternative Investment Market ("AIM"). The costs charged to the income statement relate to costs incurred as a result of the listing. These costs include such items as legal and professional fees relating to work performed for the listing and marketing expenditure.

During the year the loan outstanding to Client Data Systems Group Limited of £347,891 (2014: £347,891), a company in which Mortgage Advice Bureau Limited has a 7% shareholding, was written off as it is not considered recoverable in the short term but recovery of the loan will continue to be pursued. The loan was fully provided for in the year to 31 December 2014 and therefore the write off has had no impact on the accounts for the year ended 31 December 2015.

9. Income tax

	2015 £'000	2014 £'000
Current tax expense		
UK corporation tax charge on profit for the year	**1,870**	1,555
Adjustments for over provision in prior years	**(114)**	(77)
Total current tax	**1,756**	1,478
Deferred tax expense		
Origination and reversal of timing differences	**6**	9
Adjustment for over provision in prior years	**(1)**	–
Effect of change in tax rate on opening liability	**(2)**	(2)
Total deferred tax (see note 21)	**3**	7
Total tax expense	**1,759**	1,485

The reasons for the difference between the actual charge for the year and the standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%) applied to profit for the year is as follows:

	2015 £	2014 £
Profit for the year before tax	**10,417**	6,876
Expected tax charge based on corporation tax rate	**2,109**	1,478
Expenses not deductible for tax purposes	**38**	185
Research & Development allowances	**(129)**	–
Adjustments to tax charge in respect of prior periods	**(114)**	(77)
Adjustment to deferred tax charge in respect of prior periods	**(1)**	–
Profits from associates	**(142)**	(99)
Rate change on deferred tax liability	**(2)**	(2)
Total tax expense	**1,759**	1,485

Changes in the taxation rate

The standard rate of corporation tax in the United Kingdom changed from 21% to 20% with effect from 1 April 2015. In addition legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020 had been enacted and so the deferred tax balance has been calculated at 18%. In the budget of 16 March 2016 it was announced that the rate is now to be reduced to 17% from 1 April 2020.

10. Earnings per share

a) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share	**2015 £'000**	2014 £'000
Profit for the year attributable to the owners of the parent	**8,658**	5,391
Weighted average number of shares in issue	**50,478,038**	56,009,100
Basic earnings per share (in pence per share)	**17.151p**	9.626p

For diluted earnings per share, the weighted average number of ordinary shares in existence is adjusted to include all dilutive potential ordinary shares arising from share options.

Diluted earnings per share	**2015 £'000**	2014 £'000
Profit for the year attributable to the owners of the parent	**8,658**	5,391
Weighted average number of shares in issue	**51,987,564**	56,229,933
Basic earnings per share (in pence per share)	**16.653p**	9.588p

The share data used in the basic and diluted earnings per share computations are as follows:

Weighted average number of ordinary shares	**2015**	2014
Issued ordinary shares at start of period	**50,509,600**	69,960,000
Effect of shares changes during year ended 31 December 2014	**–**	(13,950,900)
Effect of shares purchased during year ended 31 December 2015	**(31,562)**	–
Basic weighted average number of shares	**50,478,038**	56,009,100
Effect of dilutive options at the statement of financial position date	**1,509,526**	220,833
Diluted weighted average number of shares	**51,987,564**	56,229,933

b) Adjusted earnings per share

	2015 £'000	2014 £'000
Profit for the year attributable to the owners of the parent	**8,658**	5,391
Adjusted for the following items net of tax:		
Exceptional costs	**–**	1,019
Adjusted earnings net of tax	**8,658**	6,410
Weighted average number of shares in issue	**50,478,038**	56,009,100
Adjusted basic earnings per share (in pence per share)	**17.151p**	11.445p
Adjusted diluted earnings per share (in pence per share)	**16.653p**	11.400p

11. Dividends

	2015 £'000	2014 £'000
Dividends paid and declared during the year:		
On B ordinary shares at £nil per share (2014: £52.078)	**–**	2,083
On C ordinary shares at £nil per share (2014: £10)	**–**	25
Final dividend for 2014: 2.0 pence per share (2014:£36.625)	**1,009**	1,850
Interim dividend for 2015: 4.9 pence per share (2014: £nil)	**2,473**	–
	3,482	3,958

	2015 £'000	2014 £'000
Proposed for approval:		
Equity dividends on ordinary shares:		
Final dividend for 2015: 9.5 pence per share (2014: 2.0 pence)	**4,794**	1,009
	4,794	1,009

The record date for the final dividend is 6 May 2016 and the payment date is 1 June 2016. The ex-dividend date will be 5 May 2016.

12. Property, plant and equipment

	Freehold land and building £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2015	**–**	**262**	**475**	**737**
Additions	**2,409**	**26**	**113**	**2,548**
At 31 December 2015	**2,409**	**288**	**588**	**3,285**
Depreciation				
At 1 January 2015	**–**	**220**	**313**	**533**
Charge for the year	**13**	**20**	**98**	**131**
At 31 December 2015	**13**	**240**	**411**	**664**
Net book value				
At 31 December 2015	**2,396**	**48**	**177**	**2,621**

12. Property, plant and equipment (continued)

	Freehold land and building £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2014	–	234	364	598
Additions	–	28	111	139
At 31 December 2014	–	262	475	737
Depreciation				
At 1 January 2014	–	208	213	421
Charge for the year	–	12	100	112
At 31 December 2014	–	220	313	533
Net book value				
At 31 December 2014	–	42	162	204

13. Intangible assets

Goodwill	**2015 £'000**	2014 £'000
Cost		
As at 1 January and 31 December	**4,267**	4,267
Accumulated impairment		
At 1 January	**153**	153
At 31 December	**153**	153
Net book value		
At 31 December	**4,114**	4,114

The goodwill relates to the acquisition of Talk Limited in 2012, and in particular its main operating subsidiary Mortgage Talk Limited. The goodwill is deemed to have an indefinite useful life. It is currently carried at cost and is reviewed annually for impairment.

Under IAS 36, "Impairment of assets", the Group is required to review and test its goodwill annually each year or in the event of a significant change in circumstances. The impairment review conducted at the end of 2015 concluded that there had been no impairment of goodwill.

The Board considers that it now has only one operating segment so accordingly it is necessary to assess the impact of the acquisition of Mortgage Talk Limited to the Group. The value in use of Mortgage Talk Limited has therefore been estimated based on the improvements in net profits which that unit continues to bring to the Group. The forecast on-going profits generated by the acquisition of Mortgage Talk Limited significantly exceed the value of goodwill and therefore no impairment of the goodwill is required. A discount rate of 10% has been applied to these calculations. Management has considered forecast profits over a three year period in determining the value in use. Management believes that any possible changes to any of the key assumptions applied in determining the value in use would not cause the carrying amount of goodwill to exceed the forecast ongoing profits.

13. Intangible assets (continued)

Licences	2015 £'000	2014 £'000
Cost		
As at 1 January and 31 December	**108**	108
Accumulated Amortisation		
At 1 January	**63**	45
Charge for the year	**18**	18
At 31 December	**81**	63
Net book value		
At 31 December	**27**	45

14. Investments

	£'000
Investment in Associates	715
Other Investments	–
At 31 December 2015	**715**
At 31 December 2014	253

Investment in Associates

The Group holds investments in associates, all of which are accounted for under the equity method, as follows:

Company name	Reporting date	Country of incorporation	Percentage of ordinary shares held	Description
Capital Private Finance Limited	31 December	England and Wales	49	Provision of financial services
CO2 Commercial Limited	31 December	England and Wales	49	Property surveyors
Buildstore Limited	31 December	England and Wales	25	Provision of financial services
MAB Wealth Management Limited	31 December	England and Wales	49	Provision of financial services
Sort Limited	31 December	England and Wales	23	Portal for conveyancing services

The Group is entitled to 49% of the results for Capital Private Finance Limited, CO2 Commercial Limited, and MAB Wealth Management Limited by virtue of its 49% equity stakes. CO2 Commercial Limited is a dormant holding company, and trades through its wholly owned subsidiary, Pinnacle Surveyors (England & Wales) Limited. The Group is entitled to 25% of the results of Buildstore Limited by virtue of its 25% equity stake. The Group acquired a 23% interest stake in Sort Limited on 10 December 2015. The Group is entitled to 23% of the results of Sort Limited by virtue of its 23% equity stake. Details of changes to the holding in Sort Limited subsequent to the year end are given in note 30.

14. Investments (continued)

The investment in associates at the reporting date is as follows:

	2015 £'000	2014 £'000
At 1 January	**253**	199
Additions	**345**	–
Share of profit	**703**	458
Dividends received	**(586)**	(404)
At 31 December	**715**	253

As the associates are private companies published share prices are not available. The aggregate amounts of certain financial information of the associates is summarised as follows:

	Pinnacle Surveyors (England & Wales) Limited £'000	Capital Private Finance Limited £'000	Others £'000	2015 Total £'000
Non-current assets	**12**	**3**	**228**	**243**
Current assets	**802**	**547**	**1,060**	**2,409**
Current liabilities	**(497)**	**(257)**	**(760)**	**(1,514)**
Non-current liabilities and provisions	**(2)**	**(87)**	**(200)**	**(289)**
Revenue	**2,978**	**1,983**	**5,734**	**10,695**
Profit before taxation	**765**	**897**	**726**	**2,388**
Total comprehensive income	**607**	**715**	**617**	**1,939**
Profit attributable to Group	**298**	**350**	**55**	**703**
Dividends received from associates	**257***	**329**	**–**	**586**

* These dividends are received from CO2 Commercial Limited, the parent undertaking of Pinnacle Surveyors (England & Wales) Limited. All other information disclosed above relates to Pinnacle Surveyors (England & Wales) Limited.

14. Investments (continued)

	Pinnacle Surveyors (England & Wales) Limited £'000	Capital Private Finance Limited £'000	Others £'000	2014 Total £'000
Non-current assets	15	5	179	199
Current assets	582	469	383	1,434
Current liabilities	(358)	(220)	(509)	(1,087)
Non-current liabilities and provisions	–	(103)	(200)	(303)
Revenue	2,357	1,938	2,165	6,460
Profit before taxation	572	626	(226)	972
Total comprehensive income	453	482	(226)	709
Profit attributable to Group	222	236	–	458
Dividends received from associates	191*	213	–	404

Pinnacle Surveyors (England & Wales) Limited, Capital Private Finance Limited and Buildstore Limited prepare their financial statements using FRS 102 and the other associates prepare their financial statements using UK GAAP. There would be no material difference to the accounts of any of the associates if these were prepared using IFRS.

* These dividends are received from CO2 Commercial Limited, the parent undertaking of Pinnacle Surveyors (England & Wales) Limited. All other information disclosed above relates to Pinnacle Surveyors (England & Wales) Limited.

Other investments

Unlisted investment

The unlisted investment represents a 0.05% shareholding in Twenty7tec Limited, a company that licenses certain mortgage sourcing software. The investment was acquired during the year ended 31 December 2014 for £150 and the net book value at 31 December 2015 was £150 (2014: £150).

15. Subsidiaries

The subsidiaries of Mortgage Advice Bureau (Holdings) plc at the reporting date have been included in the consolidated financial statements. The subsidiaries are as follows:

Company name	Country of incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Dormant
Mortgage Talk Limited	England and Wales	100	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company
L&P 137 Limited	England and Wales	100	Dormant
Mortgage Talk (Partnership) Limited	England and Wales	100	Dormant
Financial Talk Limited	England and Wales	100	Dormant
Survey Talk Limited	England and Wales	100	Dormant
L&P 134 Limited	England and Wales	100	Dormant
Loan Talk Limited	England and Wales	100	Dormant

Mortgage Advice Bureau (Holdings) plc holds 100% of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

Mortgage Advice Bureau Limited holds 100% of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited and MABWM Limited.

Talk Limited holds 100% of the ordinary share capital of Mortgage Talk Limited, L&P 137 Limited, Mortgage Talk (Partnership) Limited, Financial Talk Limited and Survey Talk Limited.

Mortgage Talk Limited holds 100% of the ordinary share capital of Loan Talk Limited.

L&P 137 Limited holds 100% of the ordinary share capital of L&P 134 Limited.

There are no restrictions regarding the utilisation of cash or other resources held by any subsidiary.

16. Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables not past due	**564**	370
Trade receivables past due but not impaired	**49**	88
Trade receivables past due but impaired	**459**	441
Trade receivables	**1,072**	899
Less provision for impairment of trade receivables	**(459)**	(441)
Trade receivables – net	**613**	458
Amounts due from associates	**116**	133
Other receivables	**–**	1,000
Prepayments and accrued income	**2,123**	1,330
	2,852	2,921

Trade and other receivables are all current and the book value is the same as their fair value. Trade receivables are reviewed for impairment if they are past due and are not repaid within the terms of the contracts.

Trade receivables include advances granted to Appointed Representatives, which have contractual repayment terms. These advances are considered to be past due when there is a delinquency in interest or principal payments.

Also included in trade receivables are amounts due from Appointed Representatives relating to commissions that are refundable to the Group when policy lapses or other reclaims exceed new business. As these balances have no credit terms, the Board of Directors consider these to be past due if they are not received within seven days. In the management of these balances, the Directors can recover them from subsequent new business entered into with the Appointed Representative or utilise payables that are owed to the same counterparties and included within payables as the Group has the legally enforceable right of set off in such circumstances. These payables are considered sufficient by the Directors to recover receivable balances should they default, and, accordingly, credit risk in this respect is minimal.

In light of the above, the Directors do not consider that disclosure of an aging analysis of past due but not impaired receivables would provide useful additional information. The Group has not recognised a provision for impairment of these balances because there is no objective evidence that they are impaired. Further information on the credit quality of financial assets is set out in note 19.

A summary of the movement in the provision for the impairment of receivables is as follows:

	2015 £'000	2014 £'000
At 1 January	**441**	556
Impairment losses recognised	**20**	–
Impairment provisions no longer required	**(2)**	(115)
At 31 December	**459**	441

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above less collateral held as security. Details of security held are given in note 19.

No other balances are past due or impaired.

17. Cash and cash equivalents

	2015 £'000	2014 £'000
Unrestricted cash and bank balances	**8,189**	5,281
Bank balances held in relation to retained commissions	**5,767**	3,989
Cash and cash equivalents	**13,956**	9,270

Bank balances held in relation to retained commissions are held to cover potential future lapses in Appointed Representatives commissions. Operationally the Group does not treat these balances as available funds. An equal and opposite liability is shown within trade payables (note 18).

18. Trade and other payables

	2015 £'000	2014 £'000
Appointed Representatives retained commission	**5,767**	3,989
Other trade payables	**2,224**	2,462
Trade payables	**7,991**	6,451
Social security and other taxes	**242**	206
Other payables	**53**	122
Accruals and deferred income	**1,233**	1,129
	9,519	7,908

Should a life policy be cancelled within four years of inception, a proportion of the original commission will be clawed back by the insurance provider. The majority of any such repayment is payable by the Appointed Representative. It is the Group's policy to retain a proportion of commission payable to the Appointed Representative to cover such potential future lapses; these sums remain a liability of the Group. This commission is held in a separate ring fenced bank account as described in note 17.

As at 31 December 2015 and 31 December 2014, the book value of trade and other payables approximates their fair value given that they are short term in nature.

Appointed Representatives retained commission is expected to be payable after more than one year. Other trade payables normally fall due within 30 to 60 days.

19. Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The Group does not issue or use financial instruments of a speculative nature. A summary of financial instruments held by category is provided below:

Financial assets	2015 £'000	2014 £'000
Cash and cash equivalents	**13,956**	9,270
Trade and other receivables	**729**	1,591
Total financial assets	**14,685**	10,861

Financial liabilities	2015 £'000	2014 £'000
Trade and other payables	**9,519**	7,908
Total financial liabilities	**9,519**	7,908

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and designs and operates processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board sets guidelines to the finance team and monitors adherence to its guidelines on a monthly basis.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of financial loss to the Group if a trading partner or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from loans to its trading partners. It is Group policy to assess the credit risk of trading partners before advancing loans or other credit facilities. Assessment of credit risk utilises external credit rating agencies. Personal guarantees are generally obtained from the directors of its trading partners.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables are given in note 16.

19. Financial instruments – risk management (continued)

Financial assets – maximum exposure	**2015 £'000**	2014 £'000
Cash and cash equivalents	**13,956**	9,270
Trade and other receivables	**729**	1,591
Total financial assets	**14,685**	10,861

The carrying amounts stated above represent the Group's maximum exposure to credit risk for trade and other receivables. An element of this risk is mitigated by collateral held by the Group for amounts due to them.

Trade receivables consist of a large number of unrelated trading partners and therefore credit risk is limited. Due to the large volume of trading partners the Group does not consider that there is any significant credit risk as a result of the impact of external market factors on their trading partners. Additionally, within trade payables are amounts due to the same trading partners that are included in trade receivables; this collateral of £398,480 (2014: £258,753) significantly reduces the credit risk.

The Group's credit risk on cash and cash equivalents is limited because the Group places funds on deposit with several UK banks all of whom are A rated.

During the year ended 31 December 2015 the loan outstanding to Client Data Systems Group Limited of £347,891 (2014: £347,891), a company in which Mortgage Advice Bureau Limited has a 7% shareholding was written off as it is not considered recoverable in the short term but recovery of the loan will continue to be pursued. The Group holds security against this balance but due to changes in market conditions the value of the security may be inadequate to cover the amount due and therefore the loan was fully provided for in the year to 31 December 2014.

Interest rate risks

The Group's interest rate risk arises from cash on deposit. The Group aims to maximise its return on cash on deposit whilst ensuring that cash is available to meet liabilities as they fall due. Current market deposit interest rates are minimal and therefore any fall in these rates is unlikely to have a significant impact on the results of the Group.

Foreign exchange risk

As the Group does not operate outside of the United Kingdom, it is not exposed to any foreign exchange risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and finance charges. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group's trade and other payables are repayable within one year from the reporting date.

The Board receives annual 12-month cash flow projections based on working capital modelling as well as information regarding cash balances monthly. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. Additionally the Group has financial resource requirements set by its regulator, the Financial Conduct Authority. The Board has set a policy to ensure that adequate capital is maintained to ensure that these externally set financial resource requirements are exceeded at all times. Quarterly reports are made to the Financial Conduct Authority and submission is authorised by the Finance Director, at which time capital adequacy is re-assessed.

19. Financial instruments – risk management (continued)

Capital management

The Group monitors its capital which consists of all components of equity (i.e. share capital, share premium, capital redemption reserve, share option reserve and retained earnings).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To ensure that capital is maintained at all times to ensure that financial resource requirements set by its regulator, the Financial Conduct Authority, are exceeded at all times.
- To ensure the Group has the cash available to develop the services provided by the Group to provide an adequate return to shareholders.

20. Provisions

Clawback provision	2015 £'000	2014 £'000
At 1 January	**751**	589
Charged to the statement of comprehensive income	**167**	162
At 31 December	**918**	751

The provision relates to the estimated cost of repaying commission income received on life assurance policies that may lapse in the four years following issue. Provisions are held in the financial statements of three of the Group's subsidiaries: Mortgage Advice Bureau Limited, Mortgage Advice Bureau (Derby) Limited and Mortgage Talk Limited. The exact timing of any clawbacks is uncertain and the provision was based on the Directors' best estimate, using industry data where available, of the probability of clawbacks to be made.

21. Deferred tax liability

Deferred tax liability is calculated in full on temporary differences using a tax rate of 18% (2014: 20%). The reduction in the main rate of corporation tax as set out in note 9 has been applied to deferred tax balances which are expected to reverse in the future.

The movement in deferred tax is shown below:

	2015 £'000	2014 £'000
Deferred tax liability – opening balance	**25**	18
Recognised in the statement of comprehensive income	**3**	7
Deferred tax liability – closing balance	**28**	25

The deferred tax balance is made up as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	**28**	25

Deferred tax liabilities have arisen due to capital allowances which have been received ahead of the depreciation charged in the accounts.

22. Share capital

Issued and fully paid	**2015 £'000**	2014 £'000
Ordinary shares of 0.1 pence each	**51**	51
Total share capital	**51**	51

On 6 May 2015, 48,000 ordinary shares of 0.1 pence each were purchased by the Company and cancelled for a consideration of £37,847.

23. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the company at par value of any shares repurchased.
Share option reserve	The fair value of equity instruments granted by the Company in respect of share based payment transactions.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

24. Leases

The total future value of minimum lease payments due under operating leases are as follows:

	2015 £'000	2014 £'000
In one year or less	**–**	141
Between one and five years	**–**	566
In five years or more	**–**	24
	–	731

25. Retirement benefits

The Group operates a defined contribution pension scheme for the benefit of its employees and also makes contributions to a self-invested personal pension ("SIPP"). The assets of the scheme and the SIPP are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the fund and the SIPP and amounted to £112,658 (2014: £112,123). Contributions totalling £20,023 (2014: £15,717) were payable to the fund at the statement of financial position date and are included in other payables.

26. Related party transactions

At 31 December 2014 there was an amount of £1,000,000 due to the Group from HBB Bridging Loans Limited, a company in which S Blunt and D Preece are directors and shareholders and this amount was repaid in full during the year ended 31 December 2015. This loan was included in other receivables and was secured, by a fixed and floating charge over the assets of the Company and personal guarantees from certain directors of HBB Bridging Loans Limited. The loan accrued interest at a rate of 9.5% per annum above RBS bank base rate.

The Group made purchases of £50,214 (2014: £45,283) and sales of £2,785 (2014: £2,606) to BriefYourMarket Limited. At 31 December 2015 there was an amount of £4,556 (2014: £4,627) included in trade and other payables due from the Group and £nil (2014: £521) included in trade receivables due to the Group from BriefYourMarket Limited, a company in which R Palmer, P Robinson and P Brodnicki are or were directors and are shareholders.

During the year the loan outstanding to Client Data Systems Group Limited of £347,891 (2014: £347,891), a company in which Mortgage Advice Bureau Limited has a 7% shareholding was written off as it is not considered recoverable in the short term but recovery of the loan will continue to be pursued. The loan was fully provided for in the year to 31 December 2014 and therefore the write off has had no impact on the accounts for the year ended 31 December 2015.

During the year the Group made purchases of sundry insurance from Astute Insurance Solutions Limited of £19,585 (2014: £5,514), a company in which P Robinson is a shareholder and was a director. There is no balance outstanding with Astute Insurance Solutions Limited at 31 December 2015 (2014: £nil).

During the year the Group received introducer fees of £22,121 (2014: £34,038) from Capital Private Finance Limited, an associated company. At 31 December 2015 there was no balance due from Capital Private Finance Limited (2014: £3,566 included in trade and other receivables).

At 31 December 2015 there was a loan outstanding from Pinnacle Surveyors (England & Wales) Limited an associated company, of £16,000 (2014: £15,000) included in trade and other receivables.

At 31 December 2015 there was a loan outstanding from Buildstore Limited, an associated company, of £100,000 (2014: £114,000) included in trade and other receivables.

During the year the Group received introducer commission from MAB Wealth Management Limited, an associated company of £6,147 (2014: £nil). There is no balance outstanding with MAB Wealth Management Limited at 31 December 2015 (2014: £nil).

During the year the Group received introducer commission from Sort Limited, an associated company of £21,004 (2014: £nil). There is no balance outstanding with Sort Limited at 31 December 2015 (2014: £nil).

During the year the Group made purchases of £26,400 from Twenty7tec Limited (2014: £nil). There is no balance outstanding with Twenty7tec Limited at 31 December 2015 (2014: £nil). Twenty7tec Limited is a company in which Mortgage Advice Bureau Limited has a 0.05% shareholding and Peter Brodnicki, David Preece, Paul Robinson and other senior team employees collectively have a 9.9% shareholding.

During the year the Group received dividends from associated companies as follows:

	2015 £'000	2014 £'000
CO2 Commercial Limited	**257**	191
Capital Private Finance Limited	**329**	213
Total	**586**	404

27. Ultimate controlling party

There is no ultimate controlling party.

28. Share based payments

Mortgage Advice Bureau Executive Share Option Plan

The Group operates two equity-settled share based remuneration schemes for Executive Directors and certain senior management, one being an approved scheme, the other unapproved, but with similar terms. Half of the options are subject to a total shareholder return (TSR) performance condition and the remaining half are subject to an earnings per share (EPS) performance condition. The options in both schemes vest as follows:

For options outstanding at 1 January 2015:

- 25% based on performance to 31 March 2017, exercisable between that date and 11 November 2022,
- 25% based on performance to 31 March 2018, exercisable between that date and 11 November 2022,
- 25% based on performance to 31 March 2018, exercisable between 31 March 2019 and 11 November 2022,
- 25% based on performance to 31 March 2018, exercisable between 31 March 2020 and 11 November 2022.

For options granted during the year:

- 25% based on performance to 31 March 2017, exercisable between that date and 19 May 2023,
- 25% based on performance to 31 March 2018, exercisable between that date and 19 May 2023,
- 25% based on performance to 31 March 2018, exercisable between 31 March 2019 and 19 May 2023,
- 25% based on performance to 31 March 2018, exercisable between 31 March 2020 and 19 May 2023.

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year for the Mortgage Advice Bureau Executive Share Option Plan:

	2015 WAEP £	**2015 Number**	2014 WAEP £	2014 Number
Outstanding at 1 January	**1.60**	**1,325,000**	–	–
Granted during the year	**2.19**	**75,342**	1.60	1,325,000
Outstanding at 31 December	**1.63**	**1,400,342**	1.60	1,325,000

On 20 May 2015, 75,342 options over ordinary shares of 0.1 pence each in the Company were granted to Lucy Tilley, Finance Director, under the Mortgage Advice Bureau Executive Share Option Plan. The exercise price of the options of 219p is equal to the average of the last three business days' closing price for the ordinary shares of the Company at the date of grant. The options are subject to the achievement of the performance conditions as set out in the Company's Admission Document dated 11 November 2014.

For the share options outstanding under the Mortgage Advice Bureau Executive Share Option Plan as at 31 December 2015, the weighted average remaining contractual life is 2.75 years (2014: 3.75 years).

28. Share based payments (continued)

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration scheme operated by the Group.

	2015	2014
Equity settled		
Option pricing model – EPS	**Black-Scholes**	Black-Scholes
Option pricing model – TSR	**Stochastic**	Stochastic
Exercise price	**£2.19**	£1.60
Expected volatility	**30%**	30%
Expected dividend yield	**7.2%**	5.4%
Risk free interest rate	**0.6% – 1.29%**	0.81% – 1.58%

Expected volatility is a measure of an amount by which the share price is expected to fluctuate during a period. As the Company only listed in November 2014 there is insufficient historical data. We have therefore used a proxy volatility figure based on the median volatilities of dividend paying FTSE AIM 100 companies over each of the expected terms.

Dividends paid on shares reduce the fair value of an award as a participant does not receive the dividend income on these shares. For the share options granted during the year the stub dividend in respect of the period from Admission to 31 December 2014 has been annualised and divided by the share price at date of grant to give a dividend yield of 7.2%.

The Options offer participants the opportunity to benefit from increasing per share value without risking the current per share price. The risk-free rate used is the rate of interest obtainable from UK government securities as at the date of grant over the expected terms.

The options granted this year have vesting periods of 1.86, 2.86, 3.86 or 4.87 years from the date of grant and the calculation of the share based payment is based on these vesting periods.

MAB AR Option Plan

During the year, the Group also granted 255,000 options over ordinary shares of 0.1 pence each in the Company on 21 May 2015 to a number of its Appointed Representatives. The Options were granted under the MAB AR Option Plan, as set out in the Company's Admission Document dated 11 November 2014. The exercise price for the Options is 0.01 pence per ordinary share (or, for any individual AR, not less than £1 on each occasion of exercise). Of the total number of options outstanding at 31 December 2015, none had vested. There were no options exercised during the year.

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year for the MAB AR Option Plan:

	2015 WAEP £	**2015 Number**	2014 WAEP £	2014 Number
Outstanding at 1 January	**–**	**–**	–	–
Granted during the year	**0.01p**	**255,000**	–	–
Outstanding at 31 December	**0.01p**	**255,000**	–	–

For the share options outstanding under the MAB AR Option Plan as at 31 December 2015, the weighted average remaining contractual life is 4.4 years (2014: nil).

28. Share based payments (continued)

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based MAB AR Option Plan operated by the Group.

	2015	2014
Equity settled		
Option pricing model	Black-Scholes	–
Exercise price	0.01p	–
Expected volatility	30%	–
Expected dividend yield	7.1%	–
Risk free interest rate	1.33%	–

Expected volatility is a measure of an amount by which the share price is expected to fluctuate during a period. As the Company only listed in November 2014 there is insufficient historical data. We have therefore used a proxy volatility figure based on the medium volatilities, of dividend paying FTSE AIM 100 companies over each of the expected terms.

Dividends paid on shares reduce the fair value of an award as a participant does not receive the dividend income on these shares. For the share options granted during the year the stub dividend in respect of the period from Admission to 31 December 2014 has been annualised and divided at the share price at date of grant to give a dividend yield of 7.1%.

The options offer participants the opportunity to benefit from increasing per share value without risking the current per share price. The risk-free rate used is the rate of interest obtainable from UK government securities as at the date of the grant over the expected terms.

The options granted this year have a vesting period of 5 years from the date of grant and calculation of the share based payment is based on these vesting periods.

Share-based remuneration expense

The share-based remuneration expense of £250,167 comprises the equity-settled schemes of £146,717, the matching element of the Group's Share Incentive Plan for all employees of £47,312 and also a payment of £56,138 into the Share Incentive Plan for a further Free Share Award. The Free Share award consisted of 18,200 ordinary shares being allotted on 1 December 2015 into the Share Incentive Plan for all employees. Every employee employed by the Group at 1 January 2015 and still employed by the Group on 1 December 2015 was each awarded 200 free shares.

The Group did not enter into any share-based payment transactions with parties other than employees or it's Appointed Representatives during the current or previous period.

29. Contingent liabilities

The Group had no contingent liabilities at 31 December 2015 or 31 December 2014.

30. Events after the reporting date

Relating to the Group's investment in Sort Limited made on 10th December 2015, on 11 January 2016 a new holding company, Sort Group Limited, was put in place such that Mortgage Advice Bureau Limited now owns 33.25% of Sort Group Limited and Sort Group Limited in turn owns 69.18% of Sort Limited and also 69.18% of Sort Technology Limited. Mortgage Advice Bureau Limited's effective holding in Sort Limited has not changed as a result of this and remains at 23%. Mortgage Advice Bureau Limited now also has an effective holding of 23% in Sort Technology Limited which was incorporated on 15 April 2015 and whose principal activity is the development of software.

On 18 March 2016, the Group made an equity investment of 25% in Clear Mortgage Solutions Limited, a new Appointed Representative of the Group. The consideration of £0.05m is being funded out of Mortgage Advice Bureau Limited's existing cash resources.

On 22 March 2016, Countrywide plc exercised their call option in relation to their joint venture with Mortgage Advice Bureau Limited, Capital Private Finance Limited ("CPF"). Mortgage Advice Bureau Limited holds 49% of the issued share capital of CPF with Countrywide holding the remaining 51%. The agreed price for Mortgage Advice Bureau Limited's 49% stake was £2.7m. This associate investment had a carrying cost in Mortgage Advice Bureau Limited's balance sheet at 31 December 2015 of £4,900. Completion is anticipated in early H2 2016. After completion, Mortgage Advice Bureau Limited will cease to receive its share of profit from CPF. Mortgage Advice Bureau Limited intends to declare a special dividend equivalent to the post-tax sale proceeds shortly after completion. This special dividend will equate to c.4.25 pence per ordinary share.

Company statement of financial position
as at 31 December 2015

Registered number 4131569

The following parent entity financial statements are prepared under FRS 102 and relate to the Company and not to the Group. The statement of accounting policies which have been applied to these accounts can be found on page 59.

	Note	**2015 £'000**	2014 £'000
Fixed assets			
Investments	3	**3,077**	3,077
Current assets			
Debtors	4	**222**	260
Net assets		**3,299**	3,337
Capital and reserves			
Called up share capital	5	**51**	51
Share premium account	6	**3,042**	3,042
Capital redemption reserve	6	**20**	20
Retained earnings	6	**186**	224
		3,299	3,337

The notes on pages 59 to 61 form part of these financial statements.

The financial statements were approved by the Board of Directors on 21 March 2016.

P Brodnicki
Director

L Tilley
Director

Company statement of changes in equity
for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2014	71	2,989	–	3	3,063
Profit for the year	–	–	–	8,737	8,737
Total comprehensive income	–	–	–	8,737	8,737
Transactions with owners					
Issues of new shares	–	53	–	–	53
Redemption of shares	(20)	–	20	(4,558)	(4,558)
Dividends paid	–	–	–	(3,958)	(3,958)
Transactions with owners	(20)	53	20	(8,516)	(8,463)
Balance at 31 December 2014 and 1 January 2015	51	3,042	20	224	3,337
Profit for the year	–	–	–	3,482	3,482
Total comprehensive income	–	–	–	3,482	3,482
Transactions with owners					
Redemption of shares	–	–	–	(38)	(38)
Dividends paid	–	–	–	(3,482)	(3,482)
Transactions with owners	–	–	–	(3,520)	(3,520)
At 31 December 2015	**51**	**3,042**	**20**	**186**	**3,299**

1. Accounting policies

Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The principal accounting policies are summarised below. They have all been consistently applied to all years presented.

Information on the impact of first-time adoption of FRS 102 is given in note 9.

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Given the nature of the Company's business there are no critical accounting estimates or areas of judgement required in the preparation of the financial statements.

Cash flow statement

The cash flows of the Company are included in the consolidated cash flow statement of Mortgage Advice Bureau (Holdings) plc which is included in this annual report. Consequently, the Company is exempt under the terms of FRS 102 from publishing a cash flow statement.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the accounts.

Investments

Investments in subsidiaries are held at historical cost less provision for impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from proceeds.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

Financial Instruments

The Company makes little use of financial instruments other than intercompany balances and so its exposure to credit risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit of the Company.

2. Profit for the year

The Company is a non-trading holding company. As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year.

During the year its only income was dividends receivable from its subsidiaries. Its only expenditure is in respect of dividends payable. The Company reported a profit for the financial year of £3,481,850 (2014: £8,736,604). The auditors' remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements. Remuneration for the audit of the Company financial statements is borne by a subsidiary entity.

3. Fixed asset investments

	Subsidiary undertaking £'000
Cost	
At 1 January 2015 and 31 December 2015	**3,077**
Net book value	
At 31 December 2015	**3,077**
At 31 December 2014	**3,077**

The subsidiaries of Mortgage Advice Bureau (Holdings) plc at each reporting date are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Dormant
Mortgage Talk Limited	England and Wales	100	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company
L&P 137 Limited	England and Wales	100	Dormant
Mortgage Talk (Partnership) Limited	England and Wales	100	Dormant
Financial Talk Limited	England and Wales	100	Dormant
Survey Talk Limited	England and Wales	100	Dormant
L&P 134 Limited	England and Wales	100	Dormant
Loan Talk Limited	England and Wales	100	Dormant

Mortgage Advice Bureau (Holdings) plc holds 100% of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

Mortgage Advice Bureau Limited holds 100% of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited and MABWM Limited.

Talk Limited holds 100% of the ordinary share capital of Mortgage Talk Limited, L&P 137 Limited, Mortgage Talk (Partnership) Limited, Financial Talk Limited and Survey Talk Limited.

Mortgage Talk Limited holds 100% of the ordinary share capital of Loan Talk Limited.

L&P 137 Limited holds 100% of the ordinary share capital of L&P 134 Limited.

There are no restrictions regarding the utilisation of cash or other resources held by any subsidiary.

4. Debtors – amounts falling due within one year

	2015 £'000	2014 £'000
Amounts due from Group undertakings	**222**	260

Amounts due from Group undertakings are unsecured, interest free and have no fixed repayment term.

5. Share capital

Issued and fully paid	**2015 £'000**	2014 £'000
Ordinary shares of 0.1p each	**51**	51
Total share capital	**51**	51

On 6 May 2015, 48,000 ordinary shares of 0.1p each were purchased by the Company and cancelled for a consideration of £37,847.

6. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the company at par value of any shares repurchased.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

7. Financial instruments and risk

Details of the Company's management of the financial risks to which it is exposed are set out in note 19 to the financial statements for the Group.

8. Related party transactions

The Company has taken advantage of the exemption in s33.1A of FRS102, not to disclose transactions with group companies which are 100% owned.

9. First time adoption of FRS 102

The Directors have considered those aspects of the Company's financial statements which may be affected by the adoption of any new accounting policies applicable under FRS102 and have concluded that there are no changes required to the presentation of the financial statements as a result of the adoption of FRS102.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Mortgage Advice Bureau (Holdings) plc
Annual Report 2015

Mortgage Advice Bureau

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